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EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

PALESTINIANS

Intifada becomes a way of life

Page 24

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World News

Six dead as US military jet sets fire to houses

A US military jet plummeted into a residential area of Ramstein, West Germany, killing at least six people and injuring more than 40 as dozens of houses were set on fire.

Israeli talks resume

Israeli Labour party voted to resume talks with the right-wing Likud on forming another unity coalition.

Arafat plan rejected

Israel's leaders united to dismiss out of hand Yasser Arafat's Stockholm declaration that the PLO recognises the state of Israel and rejects terrorism.

New storm alert

Bangladesh, still picking up the pieces after a cyclone killed at least 3,000 people nine days ago, put rescue services on alert after a new storm warning.

Bus crash kills 9

Nine people were killed and 21 injured when a bus skidded off an icy road between Pristina, capital of Kosovo province, and Sarajevo, in eastern Yugoslavia.

Pretoria verdict

The longest trial in South African history ended when the Pretoria Supreme Court sentenced four prominent anti-apartheid activists to up to 12 years in prison for treason.

War criminal held

Convicted Dutch war criminal Jan Oij has been arrested by Argentine police at his home in Buenos Aires 39 years after escaping from a German jail.

Kenyan charges

Five Kenyans have been charged with robbing and murdering Danish teacher Pelle Palm at his holiday beach bungalow near Mombasa last month.

Gandhi to visit China

Rajiv Gandhi will make the first visit to China by an Indian prime minister for 34 years from December 19 to 23.

SA street shooting

A white gunman opened fire on a group of black youths walking to a bus stop in Mauder, Johannesburg, killing a 15-year-old.

Prague ban lifted

Czechoslovakia's communist authorities gave the go-ahead for the first officially sanctioned demonstration by independent groups in 20 years.

Hirohito weakens

Japan's Emperor Hirohito is suffering from convulsions and his heart is weakening, according to a palace spokesman.

\$450m UN debt

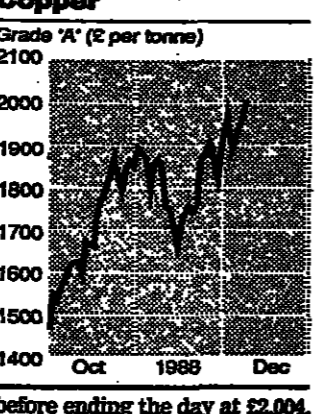
The United Nations is owed more than \$450m in back dues, according to a UN report just published.

Business Summary

DAF set to raise \$460m from public flotation

DAF, Dutch commercial vehicles maker, is planning to go public in the first half of next year, most probably in May or June, with an international equity offering and a listing on the London and Amsterdam stock exchanges.

Copper



before ending the day at \$2,004, up \$41.5 a tonne on Wednesday's level and well ahead of the previous record, \$1,967.50.

AMERICAN Telephone and Telegraph

and US Sprint have won contracts potentially worth some \$250m over the next decade to build and run the US federal government's new private telecommunications system.

GRAND Metropolitan, food and drinks group

reported a pre-tax profit of \$75m (\$1.07m) for the year to September, representing an increase of 26 per cent on the previous year.

NEW YORK's commercial and investment banks

are set to pick up a minimum of \$600m in fees from the takeover of R.R. Nabisco with over \$250m going in the next few months to Dresser Burnham Lambert, powerful Wall Street firm at the centre of a big criminal investigation.

GRANGES Aluminium, subsidiary of Electrolux of Sweden

acquired the Luxembourg operations of the Pittsburgh-based National Aluminium Corporation. Financial details were not disclosed.

ADOLFATINA, holding company for Volkswagen and Ford

operations in Brazil and Argentina, plans to increase investments to \$1.5bn over the next five years at its units in Brazil and Argentina.

TELEFONICA, Spanish telecommunications company

indicated it is considering withdrawing its offer to purchase a 40 per cent stake in ENTEL, Argentina's nationally owned telephone network.

HEINEKEN of the Netherlands, the brewer, and Bols, Dutch distiller

plan to combine their spirits and wine activities in the Benelux countries as a reflection of industry concentration.

HONG KONG Telecommunications' international share placement

and offer for sale has been more than 130 per cent oversubscribed in local and UK institutional markets.

AEGON, Dutch insurance group, boosted net profits for the first nine months of 1988

to Ft 277.7m (\$42.5m) from Ft 262m, due to higher turnover as costs remained under control.

JACOBS SUCHARD, Swiss chocolate and coffee concern

expects a further increase in turnover and a substantial rise in earnings for the current year.

Fears grow earthquake toll may reach 100,000

THE WORST earthquake to hit the Soviet Union in 80 years has claimed tens of thousands of lives - and perhaps more than 100,000 - in the Soviet Republic of Armenia. The scale of the disaster was dramatised by Soviet leader Mikhail Gorbachev's decision to abandon what promised to be a triumphal tour of the US, Cuba and Britain and return home to personally take charge of the rescue efforts.



A woman weeps as she surveys the wreckage of houses demolished by the earthquake in Armenia

Nato puts forward own arms cuts proposals for Europe

NATO foreign ministers yesterday welcomed the unilateral reductions of Soviet forces in Europe announced by Mr Mikhail Gorbachev, the Soviet leader, on Wednesday and immediately put forward their own proposals for 50 per cent cuts of offensive conventional arms in Europe. It was clear, however, that the Western Alliance has no intention of responding to Mr Gorbachev's move with unilateral cuts of its own.

Plessey invokes Treaty of Rome in bid defence

PLESSEY, the UK electronics company fighting a bitter takeover bid from Britain's General Electric Company and Siemens of West Germany, broke new ground in defensive tactics yesterday when it appealed to the British courts under the terms of the Treaty of Rome.

Farm deadlock threatens Gatt talks

ARGENTINA yesterday threatened to scupper the entire round of Gatt ministerial talks in Montreal on the liberalisation of trade because of lack of progress on farm reform. Its threat came as delegates reached tentative agreement on ways to liberalise trade in services.

Inquiry into Elders' British brewery bid to be widened

THE UK Monopolies Commission inquiry into the \$1.6bn (\$2.96bn) takeover bid by Elders IXL, the Australian brewer, for British & New Zealand Breweries has been widened to include an investigation of Elders' share purchases in S&N over the past six months.

MARKETS section containing financial data for Taiwan, Sterling, Dollar, and various interest rates.

CONTENTS section listing various articles and their page numbers, including 'The best leader Britain's Labour Party has got' and 'Gorbachev initiates imperial vision gives way to pragmatism'.

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AMERICAN NEWS

Argentine army splits over Caridi resignation

By Gary Mead in Buenos Aires

LAST week's military rebellion is causing serious divisions between senior and junior ranks in the Argentine army. If the issues which provoked it are not resolved, there may be a new outbreak of military disaffection.



Menéndez: pressure for army chief of staff to resign

The situation was highlighted by a specially convened meeting of senior Argentine officers, which resumed yesterday, having failed to resolve doubts concerning General José Dante Caridi's continuation as army chief of staff during a full day meeting on Wednesday.

26 generals and 16 colonels of the army high command. According to unofficial sources Gen Caridi offered his resignation to President Alfonsín (who is head of the armed forces) on the basis that he was no longer in complete control of the army. The resignation was refused.

telli on Tuesday and is now in Palermo barracks in the centre of Buenos Aires. Despite reports that he was being held in custody, it has now emerged that the Patriotic Infantry Regiment based at Palermo backed him throughout the crisis. It is understood that he is far from being under lock and key at the barracks and that Col Senelidín has received a number of retired senior army officers.

Army units which supported the mutiny outside Buenos Aires, particularly in Mercedes and Córdoba, are reported to be under the supervision of officers backing Col Senelidín. It is reliably understood that the ranks of some units previously thought loyal to the Government have turned towards Col Senelidín, including the Grenadiers who traditionally guard the presidential palace.

US raises Soviet immigration quota

By Our Foreign Staff

The US has increased the quotas for Soviet emigrés in reaction to a growing number of requests for refugee status by Soviet Jews and other Soviet citizens.

In a separate ceremony to celebrate the 40th anniversary of the UN Declaration on Human Rights, a senior US official praised the significant progress that has been made in advancing human rights in the Soviet Union, including increased emigration.

The number of Soviet Jews allowed to leave the country has risen to more than 15,000 up to November, according to the State Department. Since September, Soviet Jews have been leaving at the rate of about 2,000 per month, a level that US officials expect to continue.

Debt negotiator resigns in Chile

By Barbara Durr in Santiago

CHILE'S extraordinarily successful debt negotiator, the dapper and no-nonsense Mr Hernan Somerville, has resigned. Mr Somerville, assigned five years ago to guide Chile out of a messy debt crisis, says he is leaving on December 31 "because my mission has been accomplished."

Mr Somerville departs with Chile's debt picture looking brighter than anywhere else in Latin America. All of Chile's foreign debt has been restructured, the commercial bank debt has been reduced by over 40 per cent since 1983, the country has more trade lines than it can use and payments until 1991 are manageable.

By the end of the year, Chile's total debt will be down to \$17.5bn, with only \$2.5bn owed to commercial banks. This compares with a 1983 total debt of \$17.4bn, of which \$14bn was owed to commercial banks. A larger portion of today's debt is owed to multilateral institutions.

medium term loans. "Why don't they put their money where their mouths are?" he asks in frustration.

Mr Somerville is particularly proud of Chile's debt reduction through debt-equity swaps and its recent successful buy-back of \$300m of its own obligations. Chile bought its old debt for just \$168m on the secondary market, paying an average 56.3 cents on the dollar.

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over Labor and permitted Chile to make a single interest payment per year.

Next year, with world interest rates expected to go higher, Chile projects interest payments to rise to \$1.7bn. But no new money will be needed in 1989, Mr Somerville said.

Mr Somerville says that he will return to the private sector.

Contrary to those who have argued that Chile's debt-equity programme will slow down for lack of good investments or for political uncertainty about the future, he claims that the pace of debt swaps will not fall off.

The plebiscite did not change anything," he said. "There are still plenty of applications at the Central Bank."

Mr Somerville says that he will return to the private sector.

Plant closures and job losses spur critics of Canada-US pact

By David Owen in Toronto

A SPATE of plant closure and corporate restructuring announcements by Canadian companies is providing opponents of the US-Canada free trade agreement with ammunition to attack government policy.

The rash of announcements has come within two weeks of the Progressive Conservative victory in the Canadian election.

The agreement, which will remove virtually all tariffs on trade between the two countries over ten years, is due to go into effect on January 1.

out of work

While companies concerned generally maintain that the moves are unrelated to the probable passage of the trade deal, the timing of the decisions is unfortunate for Mr Brian Mulroney, the Prime Minister, who has pledged to try to patch up the rifts opened by the divisive election campaign.

As many as 52 per cent of the electorate implicitly voted against the trade deal by supporting either the Opposition Liberals or the left-of-centre New Democratic Party (NDP).

The situation is rendered still more delicate for the Prime Minister by the fact that the closures are generally in industries widely forecast to be adversely affected by the pact.

In a bid to counter criticism, the government is believed to be contemplating measures - possibly including setting up of a parliamentary sub-committee on trade - designed to help those affected by dislocations attributable to the Canada-US deal.

The government is thought to be reluctant to initiate new aid programmes, however, partly for fear of pre-empting its own advisory committee on adjustment.

This was set up last year but is not due to report until June next year.

Mr Herb Gray, Liberal house leader, has hinted that some Liberal MPs may propose amendments to the free trade bill to give assurances that the deal will not jeopardise social or regional development programmes.

Venezuelan vote tally gives Pérez victory

VENEZUELA'S Supreme Electoral Council has issued its final vote tally, giving Mr Carlos Andrés Pérez a solid win in the presidential election, AP reports from Caracas.

Mr Pérez, 66, of the centre-left Accion Democrática, won with a 64.56 per cent majority in Sunday's voting, one of the biggest wins in Venezuela's 30-year democratic history, according to the council, which oversees the electoral process.

Over 9.18m registered voters, Mr Pérez received 3.85m votes, said the council's final bulletin on Tuesday night.

His closest rival, Mr Eduardo Fernández of the social-Christian Copel, took 2.97m votes, 41.74 per cent of the electorate, the council said.

The biggest revelation in the elections was the performance of the socialist Movimiento al Socialismo (MAS), in the congressional vote, with 717,350 votes, or 10.27 per cent, establishing itself as a power in any possible coalition government.

Delay to decisions on Cuba

By Robert Graham

THE ABRUPT cancellation of the visit to Cuba by Mr Mikhail Gorbachev, the Soviet leader, is likely to delay vital policy decisions on the future of relations between Havana and Moscow.

For the past three weeks, Cuban officials have been feverishly preparing for the visit, the first since Mr Gorbachev took office. It comes just as Cuba is about to celebrate the 30th anniversary of the Revolution. Observers believe the realism injected by Mr Gorbachev into Soviet foreign policy worldwide cannot ignore the singular case of Cuba.

Although Cuba is part of Comecon, Mr Gorbachev had held off from visiting the island in part to avoid giving the wrong signals to the US administration. Mr Gorbachev appears to believe it is no longer in Soviet interests to have a high profile role in the Caribbean antagonistic to the US.

The visit had been expected to produce a new initiative by Mr Gorbachev to lessen tension between President Fidel Castro and the US. It was also anticipated the Soviet leader would have some tough discussions on the extent of Moscow's continued underwriting of the Cuban economy.

The two leaders have not concealed their differing approaches to perestroika. President Castro in July said "our problems are different".

Cuba's strategic value is also being reassessed. The use of satellites and the development of other military technologies has reduced the significance of the facilities which the Soviets have used since 1962 in Cuba. At the same time, the new

Soviet leadership is less interested in using Cuba as a third-world policeman or a revolutionary catalyst in Africa and Latin America. The impending agreement on withdrawal of 50,000 Cuban troops from Angola underlines this.

If the Angolan troop withdrawal goes ahead, the Cuban Government is expected to seek some Soviet aid in relocating them at home. It is likely Mr Gorbachev is contemplating long-term debt relief for Cuba, which owes the Soviet Union at least \$10bn.

The Soviet Union has pledged credits worth \$3bn for the current 1988-90 plan. This plus subsidised purchases of sugar and the provision of oil which Cuba is allowed to resell, adds up to annualised aid close to \$4bn. Gorbachev initiative, Page 4

Problems have arisen, partly because the US last summer stopped granting automatic political refugee status to Soviet Jews and other Soviet citizens who could not prove "a well-founded fear of persecution". The change in policy stemmed from budgetary and legal reasons, Reagan administration officials said.

Protesters released

Anti-government protesters, whose arrest preceded expulsion of US diplomats from Nicaragua, have been freed after nearly five months in jail. A judge, giving four leaders of the demonstration three-year suspended sentences, said they were not a threat to society.

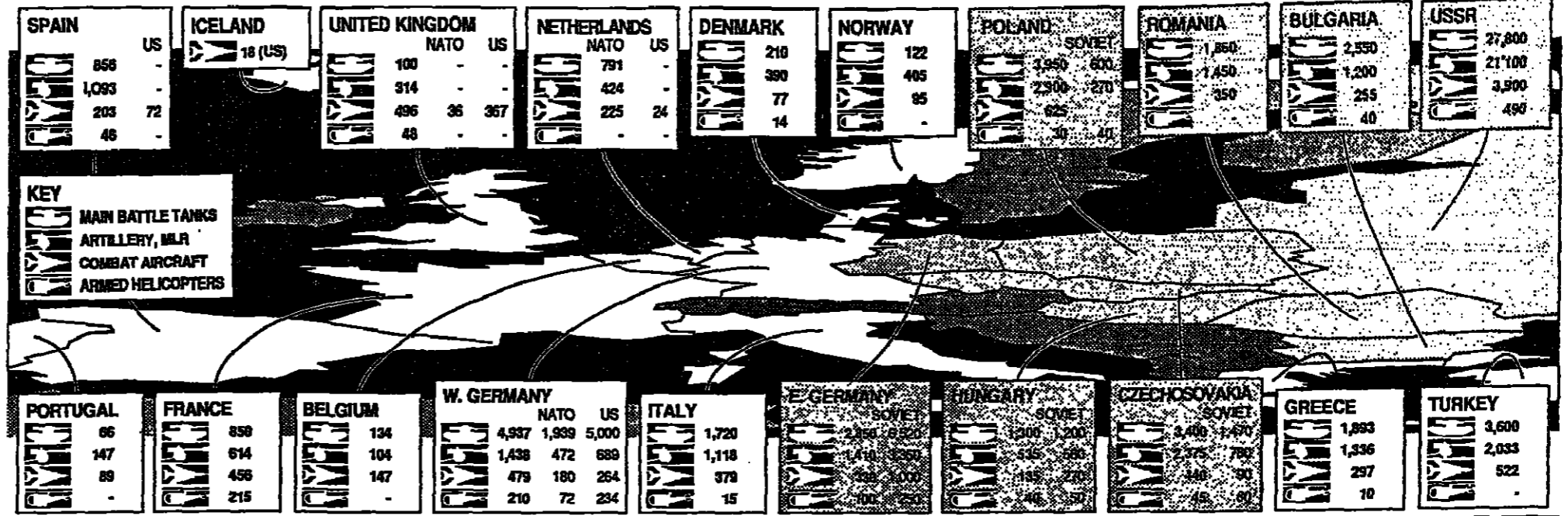
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THE GORBACHEV INITIATIVE

Gorbachev may signal end to Soviet isolation

By Quentin Peel
Mr Mikhail Gorbachev's speech to the UN General Assembly, quite apart from launching new arms cuts on an unwary world, amounts to his most forthright declaration to date of the need to reintegrate the Soviet Union into full participation in the international community - political and economic.

NATO AND WARSAW PACT FORCES



Tank cuts seen as 'convincing'

By David White, Defence Correspondent
SOVIET plans to draw down forces in Eastern Europe are expected to involve the withdrawal of both Soviet tank divisions currently stationed in Hungary, military experts say.

THE MILITARY DETAILS

territory west of the Urals. Tanks expected to be affected are especially the T-64 and T-55 series, which date from shortly after the Second World War and which are still believed to make up more than a third of the Soviet Union's tank force of over 53,000, rather than the modern T-64, T-72 and T-80, equipped with reactive armour, laser rangefinders and improved guns.

Concern at balance of conventional forces in Europe

By Robert Mautner in Brussels
NATO FOREIGN Ministers meeting in Brussels yesterday called for a 50 per cent reduction of all Nato and Warsaw Pact offensive forces in Europe in a joint statement on their negotiating position for the forthcoming conventional arms talks.

It is understood that Nato will propose that the Soviet Union should reduce its present number of tanks in the European area by about 60 per cent to 20,000 - the proposed equal ceiling.

Plan for joint work welcomed

By Peter Marsh
WESTERN space experts yesterday gave a cautious welcome to the ideas of Mr Mikhail Gorbachev, the Soviet leader, on joint space endeavours between the USSR and other countries, particularly for environmental monitoring.

Regard for rule of law stems from economic need

By A.H. Hermann, Legal Correspondent
WHEN Mr Mikhail Gorbachev declares, as he did in his UN speech, that there are no political prisoners in Soviet prisons and prison camps, it comes immediately to one's mind that it is largely a semantic problem.

Thatcher warns of tough talks

By Philip Stephens, Political Editor
MRS Margaret Thatcher, Britain's Prime Minister, cautioned yesterday that the Soviet Union's unilateral cuts in conventional arms still left open the prospect of 'tough negotiations' to achieve a satisfactory balance of forces in Europe.

A victory for Genscher's line

By David Goodhart in Bonn
IN THE hot-house of West German coalition politics the Gorbachev initiative represents, at least initially, a victory for Mr Hans-Dietrich Genscher, the Foreign Minister, and those who have been arguing for maximum reasonable trust of the Soviet leader.

THE Nато MEETING

Among other Nato proposals
The major threat to stability in Europe came from those who possess the capability of mounting large scale offensive operations and of seizing and holding territory. These included above all main battle tanks, artillery and armoured troop carriers. It was in these very systems that the East has such a massive preponderance.

INITIATIVE IN SPACE

Such a platform, manned or unmanned, could observe land areas to gain a global picture of the destructive effects of other environmental pollutants.

HUMAN RIGHTS

innovation cannot be achieved if individuals and whole collectives have to fear that any business misjudgment or failure of an innovation will bring them to prison, convicted for sabotage. They can hardly be expected to work as best they can as long as it is more important to satisfy the personal interests of officials whose wink can send them to prison.

WEST GERMAN REACTION

of delaying modernisation appear to have been vindicated. It may now be a far more limited kind of modernisation that is required for far fewer weapons.

Moscow's imperial vision gives way to pragmatism

Margaret Van Hattem sees a loosening-up of the Soviet Union's hitherto tight control over its Warsaw Pact allies

THE IMPERIAL vision which inspires the creation and growth of the Soviet Union for only a limited time after which the imperial power, tired of its commitments, no longer inspired by the mission to expand, withdraws behind its original boundaries - Rome, Vienna, London... and now Moscow? Mikhail Gorbachev, surveying the Russian empire - in the USSR, in Asia, in Europe - in the wake of the Soviet experience in Afghanistan - appears to have detected that the Russian appetite for empire is faded.

IMPLICATIONS FOR EUROPE

Moscow claims no monopoly on wisdom and that its fellow Warsaw Pact countries should have more scope to find their own way. Mr Gorbachev evidently has no plans to use tanks to keep his loosening empire in a straitjacket. Nationalist tensions within the USSR and in Eastern Europe already appear certain to threaten the integrity of the Russian empire in the remainder of the century and in coming decades.

requirements. It is unparalleled in the inability of its personnel to use initiative, accept responsibility, take risks. Not only have they not been required to - they have been positively discouraged from doing so. The idea of unloading 500,000 untrained ex-servicemen onto an industrial sector undergoing a radical transformation from heavy industry, heavy engineering, military equipment to high-tech electronic defence equipment, consumer goods, infrastructure, communications and information technology (and this in a society with few institutions for peaceful resolution of political conflict and even less for dealing with unemployment, homelessness and social unrest) is breathtaking in its audacity.

Mr Gorbachev's great leap forward and his readiness to upset the military hierarchy indicates a hitherto unsuspected confidence in his support in the other two legs of the tripod - China, military, KGB. The Chinese built up their 'empire' on the doctrine that power grows out of the barrel of a gun. The Japanese are assiduously building theirs on the doctrine that power grows out of the bottom line of the balance sheet.

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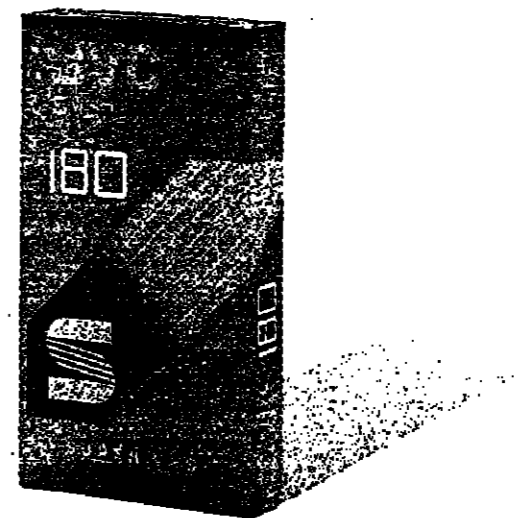
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**MONTREAL TRADE TALKS**

Peter Montagnon and William Dullforce look at the issues covered in Gatt's midterm review

**Agreement on farm trade reform eludes negotiators**

**PARTICIPANTS AT** the ministerial trade talks here came close to giving up in their attempts to reach agreement on world farm reform during the long night of negotiations which ended only at 8 am local time yesterday.

They were brought up short in the small hours of the morning, however, when Mr Daniel Amstutz, US Farm Negotiator, told them it was time to start preparing public opinion for failure by writing, instead of an agreement, a press release announcing that they were giving up.

That prompted one last effort to resolve the problem. This was due to begin in earnest only later yesterday but it is clear that the tentative agreements reached in the areas of services, tariffs, dispute settlement and surveillance hang by a thread. They could all collapse if the farm question is not settled satisfactorily.

By yesterday morning the US and EC were considering a way out which would involve sending negotiators back to Geneva to continue their work on the basis of the paper produced for this week's meeting by Mr Art de Zeeuw, the Dutch chairman of the permanent



negotiating group.

This paper simply called on the ministers to make a basic choice between long-term elimination or substantial reduction of trade-distorting subsidies as the ultimate objective of this part of the Uruguay Round.

It went on to urge ministers to prepare guidelines for reform to cover import access, export competition and internal support as well as short-term elements including a freeze on overall support and protection.

Though the paper has been praised here for the clarity

with which it sets out all the issues surrounding farm reform, the idea of simply turning it into the basis for continuing negotiation met resistance from the Cairns Group of 13 independent exporting countries.

Officials from these countries were angry that the Montreal meeting might end with no agreement on how to tackle long-term reform of agricultural trade.

During the long night of talks, short-term measures to farm reform were barely discussed, delegates said. Instead the debate simply circled around the continuing US insistence on long-term elimination of subsidies as an ultimate goal and Europe's refusal to accept such an absolute commitment.

Even extensive recourse to Rogot's Thesaurus rustled up by the Gatt secretariat for Mr Clayton Yuetter, US Trade Representative, failed to produce an alternative form of language which both sides could accept.

Developing country resentment over the resulting impasse prompted them to maintain blockages in both the talks on intellectual property and textiles.

**Dispute ruling may still be ignored**

**A COUNTRY** that has lost a disputes case under the General Agreement on Tariffs and Trade will still be able to refuse to implement the findings of the panel. A change on this is not included in the provisional agreement on dispute settlement that emerged yesterday from the ministerial meeting in Montreal.

Ministers rejected a recommendation that the two parties to a dispute should be denied the power to block adoption of the findings of a disputes panel by the Gatt council.

However, Gatt's ability to settle disputes has been strengthened in several other ways. In particular the speed and efficiency with which Gatt can act to resolve disputes will be considerably enhanced.

Starting next year, Gatt will introduce on a trial basis an obligatory initial arbitration procedure and set a clear time limit for establishing a panel after a complaint has been filed.

Time limits will also be set for appointing the members of the panel and for the completion of its work. If there is no agreement on the three members of the panel within 20 days of its establishment, Gatt's director-general will be able to appoint them.

Delays in the adoption of panel reports by the Gatt council will be curbed and above all a closer watch will be kept on a country's implementation of a finding that goes against it.

A country with a trade grievance will be able to start action more quickly.

The European Community and Japan were among those who refused to remove the power of disputants to block adoption of a panel finding in the council. By tradition, council decisions require a consensus of all Gatt members.

The EC was in fact divided on the issue. Britain, West Germany and the Netherlands would have accepted a "consensus minus two" rule but France, Denmark, Greece and some other member states objected.

**System to monitor members' policies**

**THE General Agreement on Tariffs and Trade (Gatt)** is expected to introduce a new system of monitoring the trade policies of its member countries, following tentative agreement reached here early yesterday morning.

Participants at the meeting believe the Gatt surveillance system may be more successful in influencing the policies of industrial countries than the equivalent mechanism already operated by the International Monetary Fund.

This is because the Gatt reports will be both discussed in its Council, creating a high degree of peer pressure, and published.

According to the text of the agreement the objective of the reviews will be "to examine the impact of a contracting party's [members] trade policies and practices on the multilateral trading system."

They are not intended to serve as a basis for enforcement of specific Gatt obligations or dispute settlement procedures, or to impose new policy commitments.

However, the scope of the mandate is such that it would,

for example, allow detailed discussion within Gatt of the new US trade legislation. The US is expected to be the first country subjected to monitoring with work beginning in the early summer.

The four leading trading powers - the US, EC, Japan and Canada - will be reviewed every two years, the 16 next biggest every four years, and others every six years.

However, officials from both Gatt and the IMF believe the surveillance system being introduced by Gatt creates scope for it to pull greater weight in the world economic system.

Mr Michael Camdessus, IMF managing director, announced here that his organisation was willing to help finance temporary balance of payments problems in developing countries caused by their adoption of liberal trading policies.

According to Gatt officials this is a new concession by the IMF. It means that, although there are as yet no institutional measures for co-operation, the two organisations are already poised to help each other out.

**Objections prevent deal on intellectual property rights**

**STRONG** resistance by India and other developing countries was blocking an agreement by trade ministers yesterday on how to negotiate stronger rules for the protection of intellectual property rights (IPR).

After all-night talks under the chairmanship of Mr Yusuf Ozel, Turkish Minister of State, the Third World group was still trying to prevent primary responsibility for IPR matters being transferred to Gatt from the World Intellectual Property Organisation (Wipo).

The US, the European Community, Japan and other developed countries thought they had obtained general support for a document instructing

negotiators to work out a comprehensive agreement for stronger trade protection of patents, copyrights, computer chip designs and other intellectual property.

Their text called for the elaboration within Gatt of standards and principles covering the full scope and use of IPR.

In response to developing countries' concerns, the richer nations stipulated that the results of the Gatt negotiations should not conflict with obligations under existing conventions on intellectual property.

However, India and 14 other developing countries found these assurances inadequate and submitted alternative

instructions for their negotiators in Geneva.

These would leave it to Wipo to determine international IPR standards.

The US and its allies consider Wipo an ineffective organisation that has so far failed to protect the rights of their pharmaceutical, informatics and other manufacturers.

Developing countries have more powerful influence in Wipo than in Gatt.

The Indians also insisted that an "an appropriate balance" had to be struck between IPR protection on the one hand and the developmental and technological needs of developing countries on the other.

**Developing countries to be heard on services**

**THE INTERESTS** of developing countries are to be taken into account in future negotiations on liberalising trade in services, according to an agreement reached by ministers here.

The talks should aim at "a progressively higher level of liberalisation taking due account of the level of development" of individual countries, the text of their provisional agreement reads.

It was initially unclear whether the European Community had succeeded in introducing into the document an effective multilateral version of its concept of reciprocity.

The US secured a right to separate out individual sectors from the agreement "for certain overriding considerations". Officials said this should allow it to treat any disputes with the EC over reciprocity specifically in financial services outside the multilateral framework.

The document spells out key principles which will apply to liberalisation of trade in services. These are not being treated as obligations as the US had requested.

They establish national treatment as a yardstick, so foreign suppliers are treated as favourably as domestic ones.

Among the other key concepts listed in the document are transparency and non-discrimination, safeguards and exceptions and recognition of developing countries' right to introduce new regulations.

The transparency provision aims at insuring that information on all laws, regulations and administrative guidelines relating to services should be made freely available.

The safeguard section calls for further negotiation on provisions allowing exceptions to basic rules.

eral framework.

The document spells out key principles which will apply to liberalisation of trade in services. These are not being treated as obligations as the US had requested.

They establish national treatment as a yardstick, so foreign suppliers are treated as favourably as domestic ones.

Among the other key concepts listed in the document are transparency and non-discrimination, safeguards and exceptions and recognition of developing countries' right to introduce new regulations.

The transparency provision aims at insuring that information on all laws, regulations and administrative guidelines relating to services should be made freely available.

The safeguard section calls for further negotiation on provisions allowing exceptions to basic rules.

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The Financial Times proposes to publish this survey on:

**27th January 1989**

For a full editorial synopsis and advertisement details, please contact:

Tim Davis

on 01-248 8000 ext 4181

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**FINANCIAL TIMES**

EUROPE'S BUSINESS NEWSPAPER



IT'S AGES SINCE ANYONE'S INTRODUCED SUCH A NEW CONCEPT IN BUILDING DESIGN.

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# How Pearson sold a 160 million year old underwater property for development.

On the surface, the last few years in the North Sea have looked anything but rewarding.  
But with the sale of Whitehall Petroleum, Pearson have produced a threefold return on risk capital over four years.  
We did it by intelligent research. By making shrewd purchases. And by backing a first rate team.

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We sold the business for £94 million.  
After 160 million years it was precisely the right time to sell.

## PEARSON

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UK NEWS

Payment setback for Clowes' UK investors

By Richard Waters

THE 7,000 investors in Barlow Clowes Gilt Managers, the UK end of the collapsed investment firm, will have their hopes of getting most of their money back before Christmas dashed on Monday.

ney, have not indicated when a payment will be made to these people. The liquidators will go to the High Court on Monday to ask for permission to pay investors in the UK fund 25p for every £1 they invested.

Kinnock heralds new era of democracy

Philip Stephens talks to the Labour leader about the party's strategy for the future

MR NEIL Kinnock, UK Labour leader, yesterday promised further significant steps to extend democracy in the Labour Party linked to the principle that key policies should be decided on the basis of one-member, one-vote.



Neil Kinnock (centre) with Ron Todd, TGWU leader (left) and Martin O'Neill, Labour's defence spokesman, at a meeting with workers from Vickers Defence Systems

In an interview with the Financial Times, Mr Kinnock also argued that the Soviet Union's arms control initiatives should have removed the need for conflict within the Labour Party over its approach to Britain's nuclear deterrent.

The Labour leader said he was not yet sure what the final shape would be of work in the National Executive to extend the practice of individual voting. He added there was little immediate prospect of dismantling the trade union block vote system at annual party conferences.

"Swedish model" in which rank and file members were constantly involved in policy-making. He insisted that "There will be a one-member, one-vote party and it will come about pretty quickly."

"We are seeing at the moment very strong trade union involvement... in the encouragement of the extension of balloting in decisions over who to vote for and, I think in the next stage, of what to vote for," he said.

ation of the mixture of unilateral, bilateral and multilateral nuclear disarmament. Labour's foreign policy and defence team plan to visit Moscow early in the New Year. That trip may be followed by a visit from the Labour leader.

Sales up but retailers remain pessimistic

By Ralph Atkins, Economics Staff

BRITISH RETAIL sales grew strongly in November but retailers are pessimistic about business prospects in the next three months, according to a survey published yesterday.

Institute in bid to reverse shortage of accountants

By David Thomas, Education Correspondent

THE INSTITUTE of Chartered Accountants has agreed a package of measures to attract more non-graduates into chartered accountancy in England and Wales in a bid to reverse the long-term trend to an all-graduate profession.

1990s. About 90 per cent of the 5,700 new entrants to chartered accountancy in England and Wales each year are graduates, with most of the rest having taken a one-year foundation course at a polytechnic followed by four years' training and study with a firm.

Former BBC chief attacks media ban

By John Mason

THE GOVERNMENT'S restrictions on broadcasters directly reporting statements by representatives of Northern Irish terrorist organisations should be challenged in the courts, a former vice-chairman of the British Broadcasting Corporation argued yesterday.

He said the ban threatened broadcasters' ability to fulfil their legal obligation to report impartially. "It could and should be argued that the order makes it impossible to carry out that impartiality for which they have a duty."

Both had failed to do this so Government action was regrettable necessary. The news came as Lloyd's fined the four a total of £500,000 plus legal costs of £30,000 and banned them from membership of the market for periods of between two years and life.

Lloyd's settlement may exceed £13m

By Nick Bunker

ABOUT 3,000 members of Lloyd's of London are likely to receive at least £12m in a settlement of the Belfer, Farry & Raven affair, in which four wealthy Lloyd's insurance professionals channelled money from the members' funds into companies the four men controlled in offshore tax havens.

Frederick Charles Raven, and Mr Edward Nelson. The first three were executives of the Belfer, Farry & Raven group of insurance broking and management companies, which ran 11 Lloyd's syndicates.

Advertisement for Clark Oil & Refining Corporation, a majority-owned subsidiary of The Horsham Corporation. It features financial data: \$330,000,000 Senior Secured Increasing Rate First Mortgage Notes due 1993, and \$100,000,000 Senior Secured Increasing Rate Second Mortgage Notes due 1993. The ad is signed by Drexel Burnham Lambert.

Unions angry as Lords rejects VDU health rule

By Jimmy Burns

TRADE UNION officials and voluntary organisations yesterday reacted angrily to a parliamentary report which rejects a European Commission directive to regulate the use of visual display units (VDUs) in light of potential health hazards.

NatWest to extend performance pay

NATIONAL Westminster Bank UK clearing bank, has given notice to union leaders that it intends to extend performance related pay schemes to junior managers from March 1992, writes Michael Smith.

Miners vote on new wage offer

MEMBERS of the Union of Democratic Mineworkers began voting yesterday on whether to accept a revised pay offer agreed between their leaders and British Coal.

Increase your yield through Private Banking

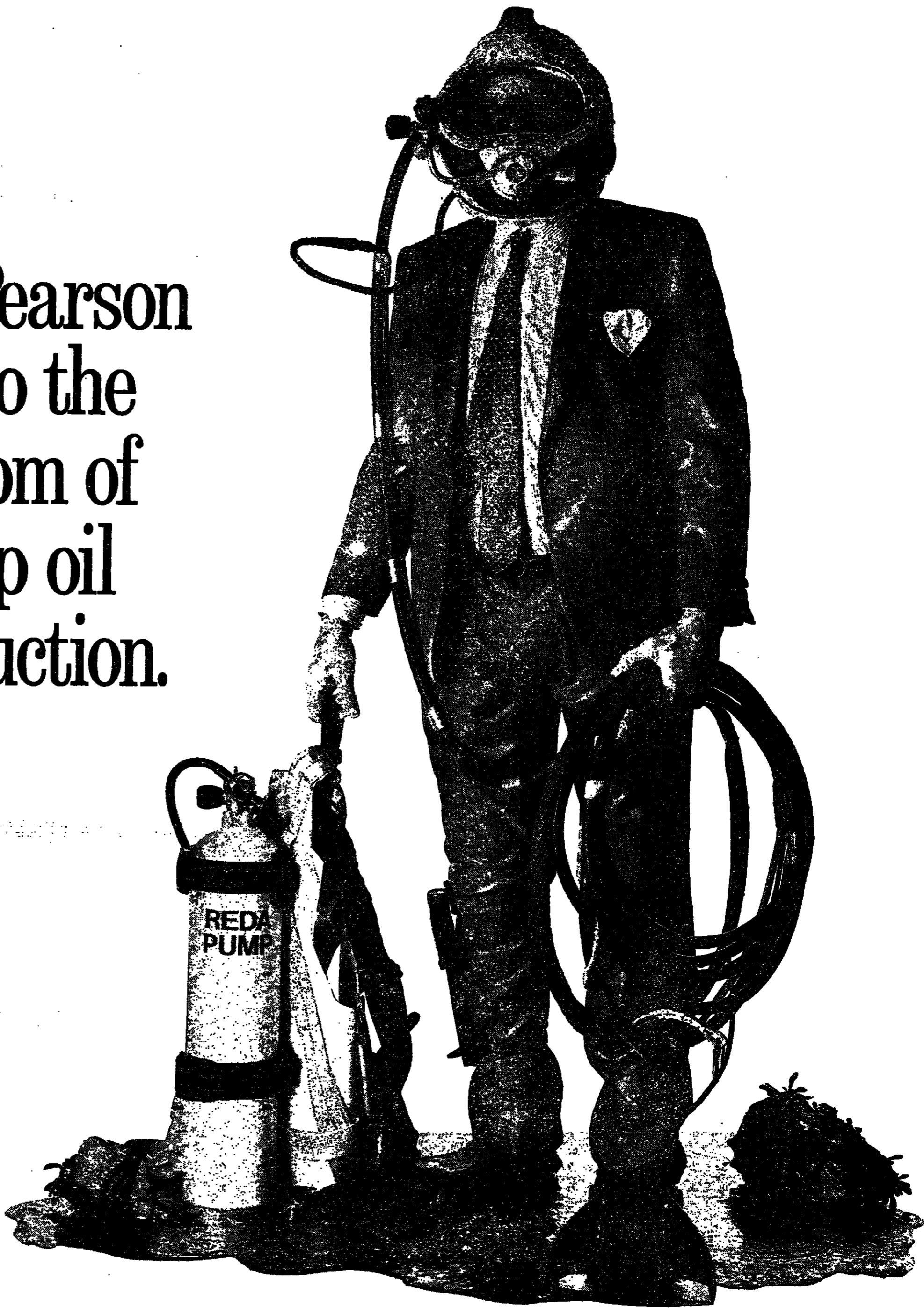
Advertisement for Jyske Bank's Private Banking services. It describes an Invest-Loan product where a sum of USD 25,000 is deposited and a further USD 100,000 is raised as a loan. The ad includes contact information for Jyske Bank in Copenhagen, Denmark, and a form to request further information.

Magnificent U.S.A. Facility

Advertisement for a manufacturing/research facility in the U.S.A. It describes a 248,000 square-foot building on a 40-acre parcel of land. The ad lists special features like executive office space, full-service kitchen, and a multi-media presentation center. It is offered by Cummings Group Inc., International Real Estate Consultants.

Advertisement for the Financial Times newspaper. It promotes the newspaper as 'Europe's Business Newspaper' and offers complimentary copies to readers traveling by air on business. It lists various airlines and hotels where the newspaper is available.

# How Pearson got to the bottom of deep oil production.



In oil services and publishing Pearson's strategy is the same: we're building businesses that are leaders in their markets.

Offshore and onshore, all over the world.

Camco is a company transformed under Pearson ownership: with the recent purchase of Reda, it's now the seventh largest oil service company in the world, and is one of the top three in each of its chosen markets.

Reda is the world's foremost supplier of electric submersible

pumps for oil wells. And Hycalog, another Camco company, has around half of the diamond drilling business in the North Sea.

These companies share an emphasis on quality products and services and talented people.

Which is why in 1987, a year most oil service companies were making losses, Camco and Reda both made profits.

The purchase of Reda makes Pearson as important in oil services as it is in publishing.

## PEARSON

OUT OF THE OIL AND INTO OIL SERVICES PEARSON ACQUIRED REDA PUMP, HYCALOG AND REDA PUMP BROAD BASE IN OIL SERVICES THE STRATEGY UNFOLDS

UK NEWS

# Shipyard town starts its fight back

Richard Donkin on initiatives for recovery after the NESL closure

**I**NTENSIVE lobbying and planning have been set in train by the closure of North East Shipbuilders in Sunderland, with the loss of more than 2,000 jobs.

The Government, which confirmed the closure on Wednesday, announced a \$45m palliative package of measures to promote new industries, including the creation of an enterprise zone.

The boundaries of the proposed zone have yet to be drawn, but are likely to fall within the Wear bank part of the area covered by the Tyne and Wear Development Corporation, spilling over into a small area now controlled by Sunderland Borough Council.

Mr Alastair Balf, the corporation's chief executive, said it would be administering the enterprise zone, which is expected to obtain approval from the European Commission to go ahead in the spring. The zone will provide between £25m and £28m of inducements for companies settling in the area.

The existence of the development corporation, established in the summer of 1987, and the long expected closure of NESL, have allowed a degree of advanced planning by a number of interested agencies, including the Northern Development Company, Sunderland Borough Council and English Estates, the property development arm of the Department of Trade and Industry.

Under a second part of the Government's measures, English Estates is charged with providing, at a cost of £7m, a total of 220,000 square feet of factory space.

It has targeted 19 factory sites, each of up to 19,000 square feet, and some high technology units.

In the third element of the package, £5m has been set aside for financial support for new and expanding businesses and a similar amount for retraining NESL employees. The Department of Employment said it would be

**'The government package is window-dressing. Official figures show that on average each existing enterprise zone only managed to create 500 jobs in five years'**

approaching British Shipbuilders, the state-owned parent of NESL, to provide premises for an employment task force to establish retraining programmes and give advice to redundant workers.

Mr Charles Slater, the Labour leader of Sunderland Borough Council has dismissed the package as "window dressing".

He said: "The Government's own statistics show that on average each of the country's existing enterprise zones only managed to create 500 jobs in five years."

"A lot of those jobs have been in the field of retail development. What hope do they offer the shipyard workers who

are going to be made unemployed?"

The council is arguing that three industrial development sites outside the river corridor should be included in the zone. It criticises the Government for a lack of consultation with the local authority. "They don't even expect this zone to be established until April, and that is no good to employees who will be made redundant long before then," Mr Slater said.

The development corporation expects the zone to include one of the council's development sites, the 86-acre Hylton Riverside retail and industrial site which could provide 2,000 job opportunities.

The Government's package is announced at a time of increasing commercial and business activity centred on Sunderland. In anticipation of the shipyard closure, a group of interested agencies has already met and will be meeting again next week to ensure a united approach to a sometimes confusing picture.

The development corporation is already working closely with the Northern Development Company, an initiative formed last year with a mixture of private and public sector funding to attract new business into the north. An embryonic group of Sunderland companies is also under formation to be launched in the new year.

The group, called the Wear-side Opportunity, including large local employers such as Nissan and Vaux Brewery, hopes to establish a promotional campaign to attract new industry into the town.

"Just as Newcastle can claim to be the commercial centre of the north east we intend to lay claim to being the manufacturing centre," said Mr Frank Nicholson, managing director of Vaux Brewery who is heading the new group.

The development corporation has already spent £2m clearing derelict sites, preparing them for developments which the corporation believes can provide 9,000 jobs for the town in the next 10 years.

Mr Balf said the new zone was expected to include parts of the NESL yards, including possibly the covered work areas which, he said, were ideal for engineering companies. One company, Liebherr, a Swiss crane manufacturer, is setting up a 10 acre site for manufacturing construction plant at Deptford and should provide about 50 jobs in January.

The need for action is urgent. Mr John Donnelly, the deputy council leader, said yesterday the closures would increase local male unemployment from 18 per cent to about 27 per cent - and in areas close to the yards 40 per cent.

Mr Paul Nicholson, chairman of the development corporation and of the Vaux Group, said the corporation strategy was built around the twin themes of making Sunderland a centre of engineering excellence and developing the Wear mouth as a leisure centre for the region.

He said: "I am confident that Made in Sunderland will, within the next decade, again become synonymous with all that is good about British manufacturing."

# BR admits that plan to close line is test for bus substitution

By Kevin Brown, Transport Correspondent

**P**ROPOSALS for the closure of a rural railway line put forward by British Rail are a test case for substitution with bus services, Sir Robert Reid, BR's chairman, admitted yesterday.

British Rail plans to introduce buses to replace rail passenger services between Wrawby Junction and Gainsborough, Lincolnshire, have raised fears that further closures may follow.

Writing in Railnews, the BR staff newspaper, Sir Robert says speculation that British Rail plans to close most of its rural network is "nonsense". But he points out that BR was instructed by the Government two years ago to review cases where buses could meet the needs of passengers as conveniently as rail services and

more cheaply. The proposed closure of the Wrawby to Gainsborough line "will give us an opportunity to test the case for bus substitution," Sir Robert says.

The proposals will be considered in detail by the statutory Transport Users Consultative Committee for Eastern England before a final decision is taken by Mr Paul Channon, Transport Secretary.

Sir Robert says BR's provincial rural services, which runs most rural services, has successfully introduced new services on many lines using new Sprinter and Super Sprinter stock.

"Now provincial is looking at the remaining rural routes, many of them poorly used. In some cases the answer will certainly be to invest as we

have done in so many other provincial routes; in some, the decision may well be that we continue as now.

"And in some we may want to test whether a bus service would be a better use of the subsidy," Sir Robert added. "This is nothing more or less than good housekeeping."

Sir Robert says bus services would operate on contract to BR and be financed from the same government grant which subsidises rail services.

Unlike bus substitution services introduced in the 1980s - many of which were quickly withdrawn when they failed to attract passengers - they would run between centres of population rather than between closed railway stations.

# Manchester offers funds to business

By Ian Hamilton Fazey, Northern Correspondent

**A** £20M venture capital fund was launched yesterday for equity investments of between £250,000 and £2m in Greater Manchester companies.

The fund, called Ventures North West, will confine its activities within the boundaries of the 10 Greater Manchester boroughs because its money comes from the employees' £1.8m pension fund.

A contest to manage the fund has been won by Murray Johnstone, a Scottish investment management group.

Greater Manchester County Superannuation Fund has £213m in UK equities and £280m in fixed interest investments, as well as property and overseas portfolios.

# CBI/FT DISTRIBUTIVE TRADES SURVEY

## Strong rise in retail sales for November

By Ralph Atkins, Economics Staff

**R**ETAIL SALES grew strongly in November with signs of a bounce-back after slower rises in October, retailers reported in the Confederation of British Industry/Financial Times distributive trades survey published yesterday.

The survey suggests that consumer spending is continuing at a buoyant pace and that the deep rise in the interest rates is not yet having a widespread impact.

However the picture is likely to have been clouded by the run up to Christmas, particularly as many retailers have cut prices to boost sales.

Retailers are also relatively gloomy about their overall outlook. Of the 266 respondents, 52 per cent expected an improvement in their business situation in the next three months while 8 per cent forecast a deterioration.

The difference between the two percentages - a balance of +24 per cent - gives a good guide to the underlying trend. It was the lowest recorded for this question since the survey began in 1985.

The percentage of retailers reporting increased sales volumes in November over the same month a year ago, minus those noting a fall, was a balance of +54 per cent.

That rise was better than expected and much stronger than in October. It was only slightly weaker than peaks recorded in June, July and August.

For December, the balance expecting sales to be higher than in the same month a year ago was +56 per cent - more optimistic than for any month since September.

However for import penetration, the balance of retailers reporting an increase in November compared with the year before was +16 per cent. This was the highest balance recorded for this question since November 1985.

The October survey, published last month, pointed to a marked slowdown in consumer spending, apparently contradicting provisional official figures. On Monday revised October figures from the Department of Trade and

Industry showed a 2.0 per cent increase in retail sales volumes.

Mr Nigel Whittaker, chairman of the CBI/FT survey panel, said that it was unwise to draw particular conclusions when the two sources pointed in different directions.

On high interest rates, he said the effect was likely to vary between retail sectors and geographical regions. Among shops reporting the highest sales increases in November were household textiles, furniture and carpet stores.

Mr Whittaker said: "The present picture is particularly difficult... because the timing of purchases can be so variable in the run-up to Christmas. But... interest rate rises will hit the consumer more heavily in 1989."

The survey shows a slowing in November in the rate of increase in retailers' selling prices. A balance of +72 per cent of respondents reported higher prices than in November 1987, compared with a balance of +82 per cent in August when the question was last asked.

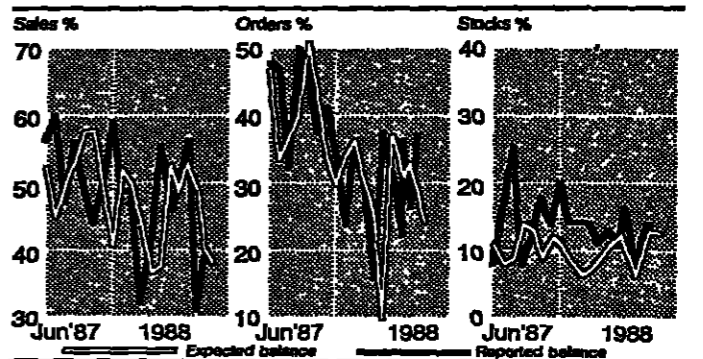
Among wholesalers, growth in sales volumes slowed further in November. Of 149 wholesalers questioned, a balance of +31 per cent said sales were higher than in the corresponding month a year before.

That compared with balances of +63 per cent and +35 per cent in September and October respectively. For December, a balance of +31 per cent expect increases compared with December 1987.

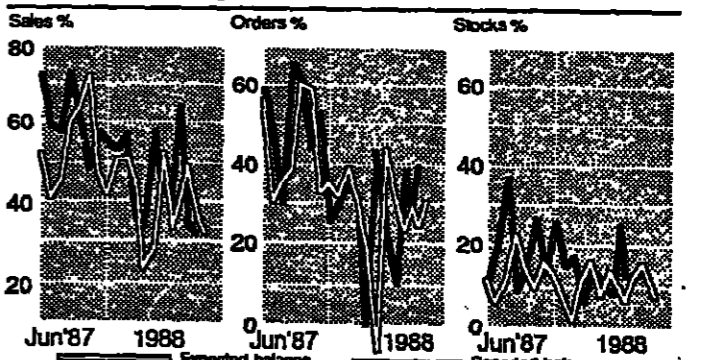
Wholesalers also reported a rise in import penetration. The balance reporting that imported supplies made up a higher proportion of deliveries than at the same time last year rose from +18 per cent in August to +25 per cent in November - the highest since the survey began.

Motor traders said their rise in November sales had been higher than expected. A balance of +17 per cent of the 65 responding said sales were higher than in November 1987. This compared with a balance of +2 per cent in October.

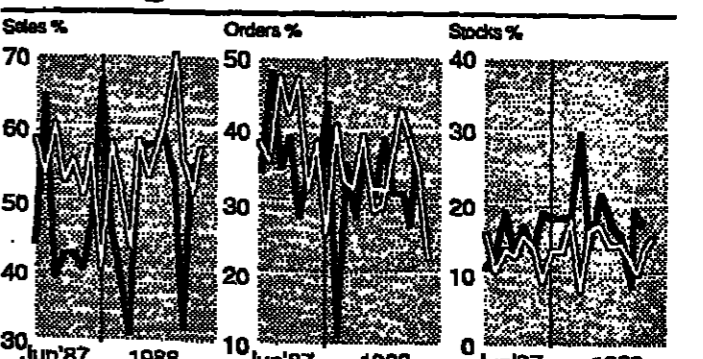
### Total distribution



### Wholesaling



### Retailing



But it fell far short of the balances of +82 per cent and +25 per cent reported in August and September respectively when the start of F-1 registrations boosted sales. Motor traders reported a slowing in the rate of increase in imports as a proportion of deliveries from suppliers. They were also less optimistic about their general business situation than in August. The balance of +7 per cent expecting an improvement was the lowest since August 1985.

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# How Pearson crossed the Channel to create the world's biggest scientific publishing alliance.



Our recent share exchange with the famous Dutch publisher, Elsevier, is the first step to creating one of the world's great scientific and educational publishing groups.

We share complementary activities in scientific publishing. A range of distinguished newspaper titles. And a common vision and culture.

Pearson, through Longman and Addison-Wesley, has a leading position in English language teaching and is one of the major educational, professional, and reference publishers in the world, while another

Longman company, Churchill Livingstone, is the UK's largest medical publisher.

Elsevier is the world's largest postgraduate scientific publisher, with over 600 English language scientific journals. And their Excerpta Medica is one of the world's best known medical databases.

The engagement forms part of Pearson's strategy of developing powerful businesses, capable of competing in global terms with quality products and services, and talented management teams.

Now all that separates Pearson and Elsevier is the sea.

PEARSON

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The Prime Minister, the Rt Hon Margaret Thatcher MP  
Delivering the Second Per Cent Club Annual Lecture 8 December 1988

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## COMPANIES COMMITTED TO THE COMMUNITY

THE PROPERTY MARKET

# Foreign investors go shopping in London

By William Cochrane

The theme of foreign investment in UK commercial property, featured here last week, was explored further on Tuesday in a deceptively simple letter to the Financial Times from the Earl of Buchan.

He remarked that overseas investors, Japanese, Scandinavian, and particularly the Dutch - vide the Rodamco takeover bid for Hammerson - seemed to take a much more bullish view of the UK property scene than some of their counterparts. "Who," he said, "is right?"

It may well be that neither the British, nor the foreigners, are wrong. Foreign companies may have their own reasons for buying British, and their reasons may not apply to the UK investor.

Rodamco, for example, is an open-ended fund. That means that money can pour in all the time. The legal briefing from solicitors DJ Freeman on foreign investment in UK property, reported here last week, showed how the tap can be turned on: "The Netherlands... has an advantageous tax agreement with the United Kingdom, and with a number of countries, which may include the investor's

country of residence."

The Dutch fund, says Mr David Solomon, a senior partner of DJ Freeman, is known to have attracted passive investment from all over the world. In aiming to buy Hammerson, of course, it wants to invest all over the world too.

This week, Rodamco's formal offer for Hammerson noted that the consolidation of the latter's portfolio would reduce its US holdings from 44 per cent to 23 per cent of the total, and bring its stakes in Canada (15 per cent) and Australia and New Zealand (9 per cent) which it did not have before.

There is more, of course. A mature company can pay big dividends if the real value of its assets can be unlocked; and Hammerson, said the irreverent Chase Manhattan property team a week ago, is "the most notorious undervalued in the property sector."

The Chase team, Mr Alan Carter, Mr Gareth Evans and Mr Alistair Gunn, reckoned that the British company would be able to produce a full defence valuation of up to 1100p a share, against Rodamco bids of 780p for the 'A' shares and 818p for the 'Ordinary'. "When one starts to talk of special purchase/potential

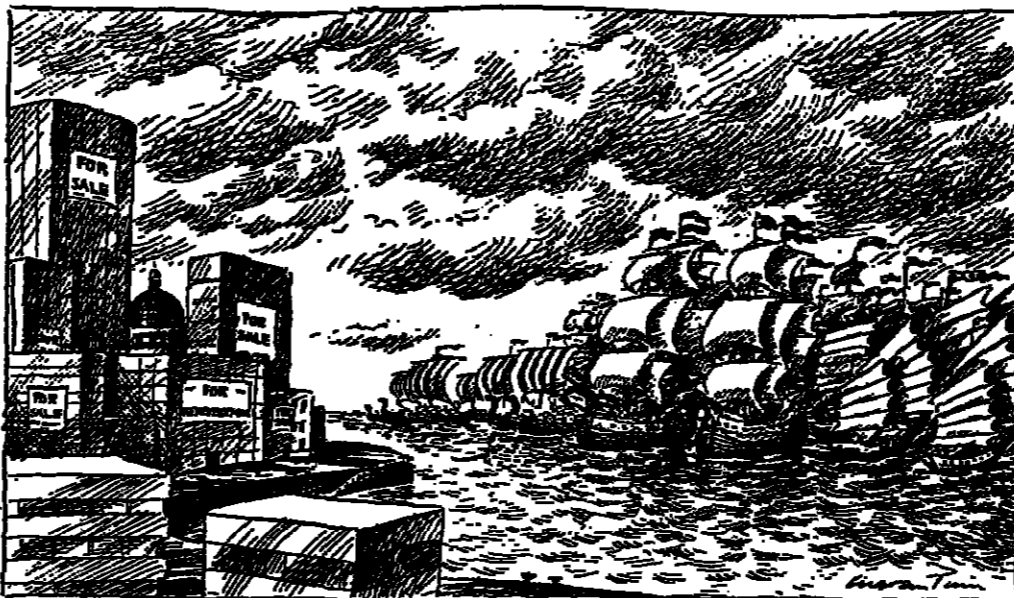
redevelopment value," they said, "then, quite frankly, Rodamco's offer starts to look well short of the mark."

Hammerson is a composite of investment and development potential. With development alone, the arithmetic changes again. This is where the Scandinavians, and particularly the Swedes, come in, mostly as developers of properties which they intend to retain as investments.

Swedish companies are buying into UK property development in a big way. A fortnight ago, Anders Nilsson, one of Sweden's largest property development and investment groups, gained planning consent for the redevelopment of the 225,000 sq ft, former Crown Agents building at Millbank, overlooking the River Thames and facing the Houses of Parliament.

This £78m project will be the company's flagship project in London, and its first development outside Sweden. However, there have been others, says Lord Selouson, friendly with Nilsson, and chairman of two other development companies with majority Swedish participation.

"This year," says Lord Selouson, "the Swedish authorities



introduced a certain relaxation in the country's foreign and investment rules; then they reduced the number of office development permits in Sweden itself. So the developers began to come abroad."

Lord Selouson thinks that the Swiss and the Dutch could also decide to make significant incursions into the UK development market; and, indeed, that they could make a contribution. He says, flatly, that development in the UK has a long way to go before it gets up to Continental standards.

This week's London talking point was that Central and City has entered into a £150m joint venture with SC Proper-

ties, a wholly owned subsidiary of Shimizu Corporation of Japan - the world's largest construction company - to develop 300,000 sq ft of offices, under construction at One America Square in the EC3 area of the City of London.

The London invasion is part of a world-wide trend. Agents Knight Frank & Bailey said in a report published more than two years ago that Japanese institutional investment funds and construction companies were going into property on a global scale.

This year Japanese investment regulations were changed to allow institutions, previously limited to investing in

completed property schemes abroad, to participate in overseas development. Sumitomo Life, one of Japan's largest life insurance companies, chose the US first, paying \$165m for a 49 per cent equity stake in the Gimbels department store redevelopment in Manhattan.

Britain, then, is just one market of many. The Japanese are much more heavily committed in US cities, like Los Angeles, than to London. The fear, in Britain, is that if a run of stock market disasters puts the City and its properties into the same bargain basement, the Japanese are here, and able to pick up a lot - shop, stock and real estate.

# Testing values

Valuation is likely to be the source of some conflict in next year's property markets. Takeover bids and foreign buying are pushing sentiment in one direction; occupational discomfort in formerly buoyant areas, like City of London offices and the fashion side of the retail market, is an opposing force.

Some market soul is bound to remember the furor caused by the Hager & Lloyd paper to the RICS in January 1985. "Valuation can neither be described as an art nor as a science," the authors said, adding that they contained a subjective element depending on the "whims" of the valuer.

Mr Jerry Mitchell, senior investment partner of Drivers Jones, thinks he has gone a stage further in rebuttal now, with the help of Rupert Nabarro's maturing Investment Property Database (IPD). A report entitled "The Variance in Valuations" suggests that valuation surveys score a 93 per cent success rate in a test designed to measure their efficiency.

The IPD database, of which Drivers Jones is a sponsor, covers the performance of over 4,500 properties worth more than \$16bn. The key test, performed on a sample of around 1,400 properties sold over the past six years, reviewed the valuation surveyor's ability to test the current level of the local property market.

Mr Mitchell is less positive

about the investment surveyor's ability to forecast both the direction and subsequent rate of rental growth; they were "able to impose a very rough measure of future rental growth into their yield." That might give the Committee of the RICS something to think about in their pending revision of their guidance notes.

In particular, the AVSC will be producing a new guidance note on valuations made on special assumptions, as well as a background paper describing a purchaser with a "special interest." All this could fit a takeover situation, and it is no secret that Healey & Baker, charged with the revaluation of the London Shop Property portfolio in the light of the bid from Peel Holdings, will be looking at marriage and development values, and producing a straightforward valuation.

But Mr Len Jarrod, senior partner of Hillier Parker and vice chairman of the AVSC, says: "The RICS has never excluded the right of the valuer to value a portfolio, or part of it, on an alternative basis." Hillier Parker, he says, has produced a valuation where the whole of the portfolio was worth more than the sum of the parts.

"What is new," he says, "is that the guidance notes will spell out what what special assumptions a valuer ought to take on board - and what safeguards should be applied."

This announcement appears as a matter of record only.



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TECHNOLOGY

Soviet PC market set for strong growth

By Della Bradshaw
THE Soviet Union is becoming one of the fastest growing markets for personal computers and Western computer companies look set to reap the benefits.

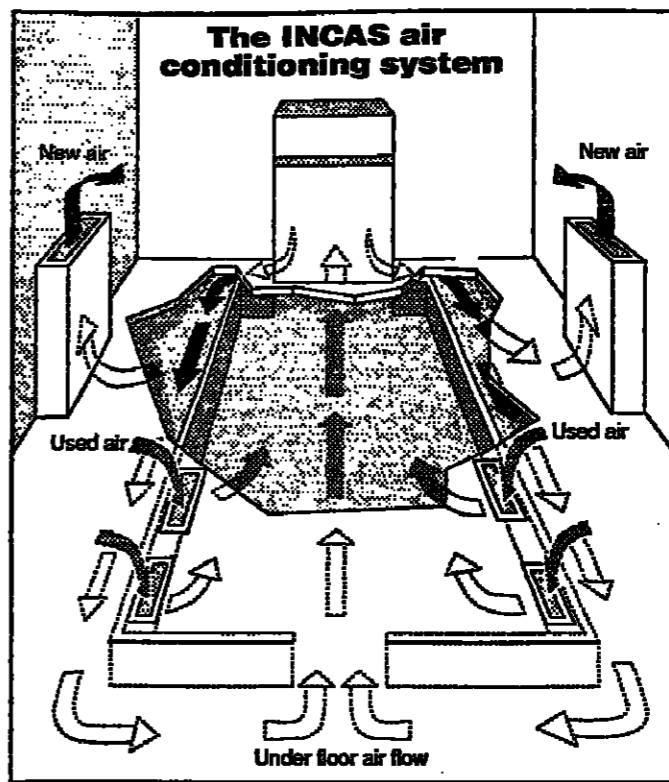
The health of buildings as well as their occupants is a prime concern of the people who own and manage places of work.

Underfloor route to a healthy workplace

David Lawson finds a connection between 'sick buildings' and inefficient use of space

David Lawson finds a connection between 'sick buildings' and inefficient use of space. The two problems may seem poles apart, but an international collaboration to renovate a historic building near the Houses of Parliament in London is aiming to deal with both together through the hidden technology of ventilator ducts, power cables and communication links buried in floors and ceilings.

potentially hazardous and space-consuming ducting running down from roof plant. The INCAS system is being used in Nisse's renovation of the Crown Agents' building on London's Millbank.



Building surveyors have shown some suspicion of underfloor air handling because they are not sure that rent can be charged for the space taken by grilles.

The advantages of taking a data network out-of-house

By Geoffrey Chartish
ISSUE Three of the Octagon Guide to Telecommunications emphasises that many companies can benefit from abandoning their own data networks and opting for a managed network as offered by British Telecom, Mercury, International Business Machines, Electronic Data Services, Fastrak and Istel.

Nitrogen, the main component of air, is not normally considered a hazard, but the sheer volume of it that will be used at a new multinational research centre in West Germany could present a threat to safety.

Nitrogen to simulate a supersonic gale

David Fishlock reports on the construction of the European Transonic Windtunnel

David Fishlock reports on the construction of the European Transonic Windtunnel. The centre, being built at Porz near Cologne, will require 75,000 tonnes of nitrogen a year.

over the next six years, shared equally between three of the participating nations: West Germany, France, the Netherlands and the UK.

Management of this high technology project is in the hands of Ove Arup & Partners in London. A project team of five, led by Peter Gill at Porz, reports to David Whittleton, senior engineer and a director of Ove Arup.

Not least, however, ETW will require a silencer to suppress the noise of 200 tonnes of nitrogen gas blasting from the wind tunnel daily.

steel, more than 70 m in length and tapering from 7 m diameter. It will cost about DM60.

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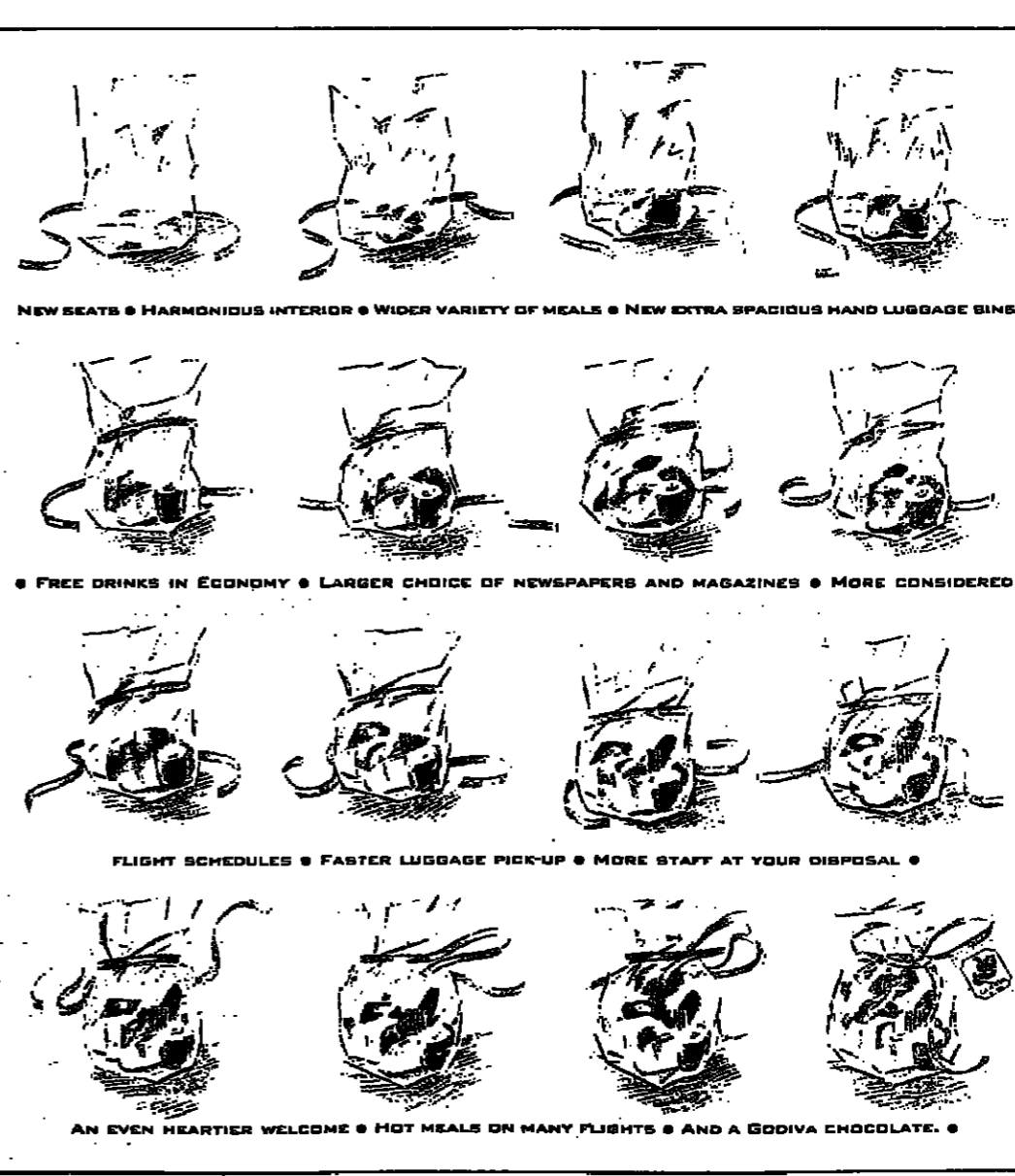
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Michael Skapinker argues that giving advice is not the prerogative of the professionals... Margerison, who is also vice president of the International Management Centre...

ers. At their respective union meetings they spoke up for the programme and ensured it got the political support required...

Corporate structure

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Terry Dodsworth on Altos Computer's autonomous operations... One advantage of this new structure would be to give the European businesses greater freedom to make acquisitions...

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Arts Week

Exhibitions London The Royal Academy. Henry Moore, a full retrospective exhibition...

Paris Le Pavillon de Flore. Rembrandt and his school are on show in two exhibitions at the Louvre...

Brussels Le Botanique Contemporary. Sixty-two drawings by 12 modern Belgian painters including Stahyn, Rector, Edgarderode, Filizov, Chyrikov, Yaniklevsky...

Antwerp Koninklijk Museum Voor Schone Kunsten. Leopold de Waelplou. Golden Light: Art of the Icon. Contains 186 icons dating between the 13th-17th centuries...

Braunschweig European Baroque Paintings. As a gesture of reconciliation 65 17th and 18th century paintings from the Warsaw National Museum...

yellow, red and blue. There is a sun-headed painting of mother and child by Villst and a bridge reflected in a river by Hieronymus Landscapes in glowing colours by Rembrandt and Gauguin are contained by a fluffy snow scene...

Museum was occupied and all the pictures transferred to Germany. Fortunately nearly all of them were subsequently returned to the Museum. This exhibition concentrates on the Dutch painters Gerard ter Borch, Hendrick ter Brugghen, Jan Steen, Solomon van Ruysdael as well as painting current with Rembrandt...

Vienna Historisches Museum der Stadt Wien. The city of Vienna's Museum for history. A commemoration of Kristallnacht, which took place throughout Austria on the night of November 9 and 10 1938...

Rome Ex-bona in Campo Borio. A lively and absorbing show of works in various mediums by young artists (all under 35) working in Rome, none of whom have yet shown at major exhibitions such as the Venice Biennale...

Venice Museo Correr a la napoleonic: Giorgio de Chirico (1898-1978): a major retrospective organised jointly by the Galleria Nazionale d'Arte Moderna in Rome and the Giorgio de Chirico Foundation to celebrate the centenary of the painter's birth...

New York Metropolitan Museum of Art. An exhibition of architecture on paper covers four centuries of drawings including works by Frank Lloyd Wright, Louis Comfort Tiffany and Arata Isozaki...

Chicago Art Institute. Paul Gauguin. The artist's first major retrospective for 30 years includes more than 230 objects and paintings from all the periods of his exotic and far-flung life...

Washington National Gallery. Philips Collection. The modern vision of the pastoral landscape, with works by Gainsborough, Constable, Blake, Eakins and Cozzano...

Tokyo National Museum. Treasures from the Horyu-ji Temple. The centrepiece of this small but exquisite exhibition from the great temple in Nara is the Bodhi Tree, a faithful copy of the original...

MUSIC London Royal Philharmonic Orchestra, conducted by Andre Previn. Royal Festival Hall (Fri) (01-928-8860).

Paris Nouvel Orchestre Philharmonique, with the Radio France Choir conducted by C. Bardou. Florentin, Mendelssohn, Saint-Germain-des Pres (Tue) (4201516).

Amsterdam Royal Concertgebouw Orchestra under Neeme Järvi, with Boris Berman (piano), Northheim, Prokofiev, Nielsen, Concertgebouw (Fri).

Vienna Volksoper. Der Freischuetz, conducted by Herbert Mogg. Kias me Kate, conducted by Herbert Mogg. Die

Brandsburg Concertos (Sat). Globe (11.11.22). The Mozart Piano Trio. Eiler, Mozart, Beethoven (Wed). Maurizio Kagel conducting his own compositions with the New Ensemble (Thur). FOC Theatre (51.33.33).

Utrecht Radio Symphony Orchestra, conducted by Jean Fourmet with the European Chamber Choir and soloists. Poulenc, Les Six, Vredenburg (Sun, matinee).

Amsterdam Bach Soloists. Bach Brandenburg Concertos Vredenburg (Sun). Yehudi Menuhin conducting the Netherlands Philharmonic, with Dong-Suk Kang (violin).

Hamburg Deutsche Oper. La Traviata continues with Juli Varady, brilliant in the title role, Gabriele Schnaut sings Isolde in Tristan and Isolde with William Johns...

Vienna Wiener Bach soloists, conducted by Ernest Wadam. Dora Schwartzberg (violin), Beethoven, Schubert, Musckverlin (Fri).

Frankfurt James Galway and pianist Philip Moll. Dvorak, Field, Bock and Prokofiev. Alte Oper (Sun).

Berlin Berlin Philharmonic under Lorin Maazel. Yun, German premiere of D. Gliere. R. Strauss and title role. Also Der Barber von Sevilla and Così fan tutte...

Stuttgart Opera. Tosca is a well done repertory production. Also offered is the rarely played opera Der Karottenkönig and Hansel und Gretel.

Frankfurt Opera. Der fliegende Holländer, Jonathan Miller's production returns with Robert Hale in the

B. Blacher, Philharmonie (Sun, Mon). Chamber Quartet and Eduardo Fernandez (guitar), Haydn, Bach and Castelnuovo-Tedesco, Beckmesser der Residenz (Sun).

Geneva Milan Harvet conducting Shostakovich with soloist Antonio Meneses (piano), Kodaly and Bartok. Teatro Margherita (Sat, Sun.) (82.88.25).

New York New York Philharmonic conducted by Zubin Mehta. Messiaen, Mozart, Avery Fisher Hall, Lincoln Center (Tue) (799.9696).

Chicago Chicago Symphony Orchestra conducted by Gunther Herbig. Shura Cherkassky (piano), Beethoven, Brahms, Orchestra Hall (Tue) (636.8123).

Tokyo NHK Symphony Orchestra, conducted by Marek Janowski. Saint-Saens, Strauss, Suntory Hall (Mon) (505.1010).

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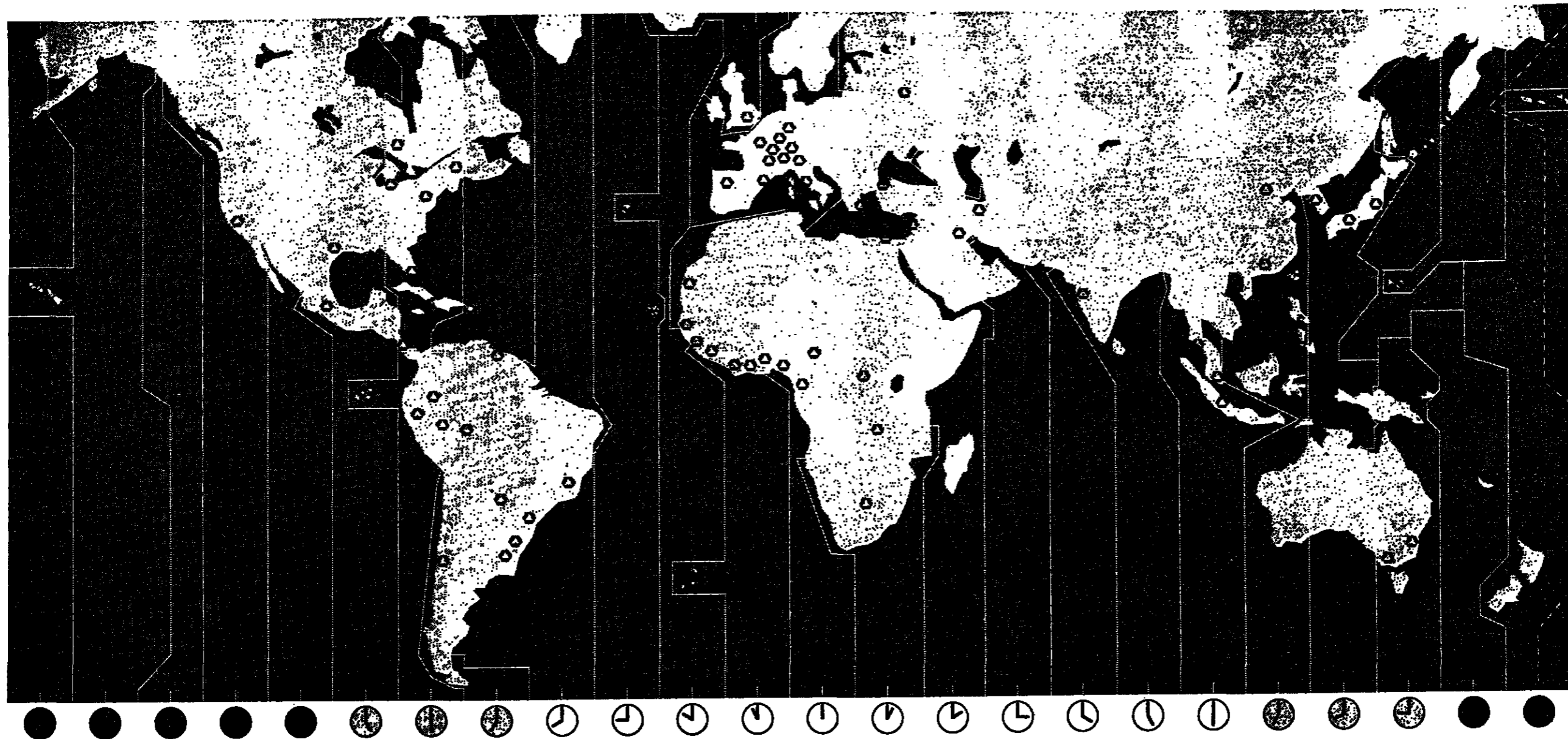
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FINANCIAL TIMES

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Friday December 9 1988

Is sterling overvalued?

EXPORT-LED growth has been the holy grail of British economics for some thirty years. It is no wonder, therefore, that many pundits look on in horror as the pound, following the curtail of a 15 per cent base rate of interest, wends its way upwards, to pass DM 3.23 earlier this week.

One should recall the long-noted contradiction between the Chancellor's ambiguously stated desire to maintain sterling stability, on the one hand, and the aim of imposing higher interest rates than in Germany, on the other.

Adequate pressure

The question is whether the implied level and path for the exchange rate will put adequate downward pressure on inflation. The implied depreciation itself would be unhelpful since it would preserve the competitiveness of UK manufacturing at current levels.

IMF underestimate

The IMF has almost certainly underestimated trend productivity growth in UK manufacturing, which means that the unadjusted figures give a better picture. The data on profitability provide strong support for this view.

This last observation does not preclude the possibility that the UK suffers from a long term overvaluation of the real exchange rate. What remains true, however, is that the Chancellor's policy has not destroyed the competitiveness of the shrunken manufacturing sector of today, at least so far.

Bhutto's shaky inheritance

BENAZIR BHUTTO'S coming to power in Pakistan is the most encouraging sign yet that the country is shedding its depressing tradition of military rule. Her Pakistan People's Party (PPP) emerged comfortably the largest single party in last month's general elections.

The long delay in naming her to the post reflects real resistance to her from within the army, among the conservative Moslem establishment and from President Ghulam Ishaq Khan himself. They had hoped that the election would provide a safety valve to release pent-up public opinion while denying power to the Bhutto family.

Partly as a result of the concessions she had to make, she has lost some of the powers that go with being Prime Minister. The army has been able to maintain a substantial control of defence and foreign policy - Mr Sahabzada Yaqub Khan, Foreign Minister under former President Zia-ul-Haq, has kept on in his job.

Ms Bhutto's problems are compounded by her own inexperience and that of her administration, and by the enormous popular expectations that her victory has aroused. But the large budget and balance of payments deficits that she inherits, as well as the climbing inflation rate, will not allow for the largesse that her father distributed in his early days as Prime Minister.

Ms Bhutto's strong card is that she will have the support of many within and outside the country, who do not want to see Pakistan slip back into military rule. Foremost among these are the Indians who disliked General Zia and warmly welcomed the return of democracy in Pakistan.

The international financial institutions will have to show some understanding in the economic pressures they put on the country. But there should be no illusions that Ms Bhutto's priorities will be governed by the prospect of fresh elections in the not too distant future. She needs a broader mandate if she is to have the authority to govern properly.

FT writers assess Mikhail Gorbachev's UN announcement of arms cuts

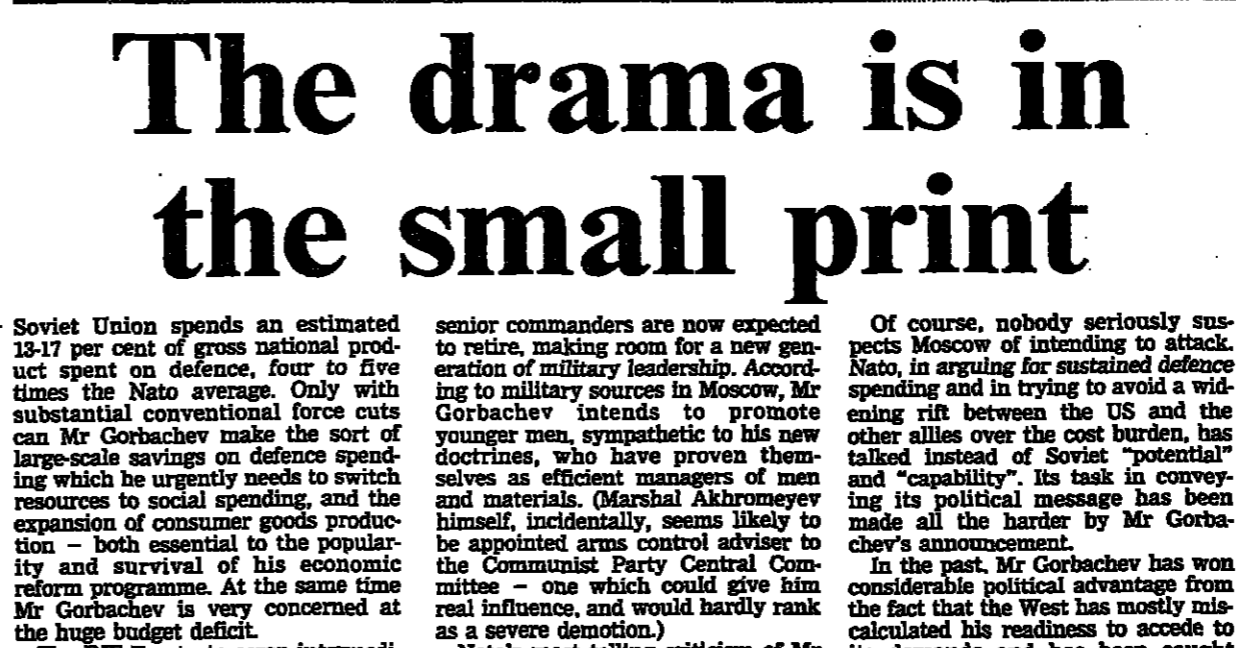
The phrase coup de theatre is not part of Russian usage, but Soviet leaders seem to have got the meaning. Two days after Mr Gorbachev's announcement of wide-ranging cuts in Soviet forces, plans to pull back troops from Eastern Europe and Mongolia, and proposals for pacifying post-occupation Afghanistan, came in the last scene of the Reagan play's second act and fixed the audience's attention for the act to come.

His announcement of wide-ranging cuts in Soviet forces, plans to pull back troops from Eastern Europe and Mongolia, and proposals for pacifying post-occupation Afghanistan, came in the last scene of the Reagan play's second act and fixed the audience's attention for the act to come. President-to-be George Bush responded to Mr Gorbachev's announcements on Wednesday with a line that a playwright would give to a supporting character: "We're going to talk to him and find out what he's talking about."

The crucial figures in the Soviet cutbacks for the next two years are the small ones, more than the big ones. Reducing the 3m-plus members of the Soviet armed forces by 500,000 is relatively easy to manage, considering that some 5m of the total, according to Western estimates, are conscripts doing military service. Effective cuts can be made simply by shortening the length of compulsory service, currently two years in the army and three in the navy.

It is a moot point whether Nato's life is made easier. The initiative certainly improves the atmosphere for the Conventional Stability Talks planned in Vienna, which are aimed at bringing forces down to equivalent levels. This implies, as Moscow has already accepted in principle but not in detail, much larger cuts by the West than by the Soviet Union.

Table with 4 columns: Conventional land-based forces in Europe, Nato, Soviet forces west of Urals (before cuts, after cuts). Rows include Main battle tanks, Artillery, Personnel, and Combat aircraft.



The drama is in the small print

Soviet Union spends an estimated 12-17 per cent of gross national product spent on defence, four to five times the Nato average. Only with substantial conventional force cuts can Mr Gorbachev make the sort of large-scale savings on defence spending which he urgently needs to switch resources to social spending, and the expansion of consumer goods production - both essential to the popularity and survival of his economic reform programme.

Senior commanders are now expected to retire, making room for a new generation of military leadership. According to military sources in Moscow, Mr Gorbachev intends to promote younger men, sympathetic to his new doctrines, who have proven themselves as efficient managers of men and materials.

Of course, nobody seriously suspects Moscow of intending to attack Nato, in arguing for sustained defence spending and in trying to avoid a widening rift between the US and the other allies over the cost burden, has talked instead of Soviet "potential" and "capability".

Suspects in the City

After Morgan Grenfell, who next? It is taken as read in the City that more houses will have to make drastic cutbacks in their securities operations.

Yet sporting just whom requires a highly subjective judgment based on the obvious rules do not necessarily apply. For instance, the fact that Morgan was a medium-sized independent house might lead to the supposition that the next casualty will belong to the same category.

Observer's guess is that resolve will prove strongest among the independents, and that the board of a large parent, probably located thousands of miles from the City, will decide at its January or

Poor county

Survey sounds a pretty remote sort of place. It is deprived of all those glossy free magazines, like Portraiture, that come through the letter box if you live in central London.

Yet Surrey is also rather affluent. Thus it is to get a free magazine of its own called Lifesites. There was a slight hitch in that the dummy sent out to demonstrate its "top quality paper and superb colour reproduction" contained no text and no pictures, but the quality of the paper is undoubtedly high and the advertisers have begun to bite.

Lloyd's loss

The latest Labour Research survey of corporate donations to the Conservative Party contains a curious feature: the total of £235,525 given to Tory funds last year by 11 companies active in the Lloyd's of London insurance market, including C T Bowring, Sturge Holdings, Sedgwick Group and Willis Faber.

Strange opera

Giovanni Spadolini, a former Italian Prime Minister, turned opera critic on Wednesday as he and dozens of other celebrities staggered out of the premiere of Rossini's William Tell at Milan's La Scala.

While Italian aristocrats such as Contessa Marta Marzotto and Princess Ira von Fuerstenberg did twirl for the cameras of paparazzi inside the foyer, Spadolini described the set as "highly questionable". Out in the street a band of anti-Fiat protesters shouted the Italian equivalent of four-letter words.

Consequences

She said to him: "Do you think there's anything in extra-sensory perception?" And he said to her: "Ha! I knew you'd ask me that."

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POLITICS TODAY

The best leader Labour has got

By Joe Rogaly

Britain's Labour Party would probably do at least as well under its present leader, Mr Neil Kinnock, as it would under anyone else. This view, which is contrary to much conventional wisdom, was strengthened when I visited him yesterday.

Frankly, I had expected to come to the opposite conclusion. For there are certainly grounds upon which to write him off. He is verbose. He rarely puts his head on the block. The party's score in the opinion polls has not risen above 40 per cent and stayed high, as it should have done while the former Alliance is in disarray and economic uncertainty is growing.

Labour's falling fortunes

Share of vote (%)



This meant a commitment to training and to closing the technology and trade gaps. There's no other way round than to make the commitment of investment. There had to be an agency or agencies. He favoured the establishment of a national investment bank and the development of the enterprise agencies, some of which were very successful.

electricity, telecommunications - had to be back in public control. This could be achieved by the conversion of shares to debentures, through golden shares, or by substantial participations. "Let's say 29 per cent". The utilities should not be just "directed commercially for what ultimately must be dominant commercial purposes."

LOMBARD

Restaurant reciprocity

By Martin Wolf

THANKS TO the courage of a Department of Trade and Industry (DTI) official who was prepared to brave the Government's wrath at leakers, a remarkable proposal from the "Eat British Campaign" has recently come to our attention.

Countries like Japan will argue that they have no official obstacles to the consumption of British food and claim, instead, that the reasons for the low level of market penetration by British cuisine are national culture and market resistance. This is poppycock, as even will discover by talking to the many British restaurateurs who have vainly tried to penetrate the Japanese market.

LETTERS

Accounting for brand names

From Ms Maggie Mullen and Mr Andrew Mainz. Sir, We welcome the publicity given to Rank Hovis McDougall's (RHM) brand valuation exercise by the Financial Times accountants and management consultants we have often encouraged the management of our client companies to recognise the value of their intangible assets as well as their tangible assets.

Brand valuation is, of course, not an exact science. Its development could be said still to be at the toddler stage. However, accepted methodologies have emerged. The brand valuations on which we have advised prompt us to make the following comments on RHM's reported approach.

From Mr W.J.H. Everett. Sir, I am not sure whether Lex needed - Heretically speaking - in the otherwise excellent column on capitalisation of brand names (December 5), or whether your columnist knows something that the rest of us have missed.

However, to the best of my knowledge and belief, while incorporating land and buildings in balance sheets at current value is permitted under the alternative accounting rules of the Companies Act, it is in no way required (with certain very limited exceptions, such as investment properties) by either statute or accounting standard.

Valued in a note

From Mr Desmond Goch. Sir, Following the Rowntree takeover by Nestlé it is understandable that some companies such as Rank Hovis McDougall will decide to put a formal valuation on brand names which have hitherto failed to capture the attention of investment analysts.

wonders for gearing ratios, but published accounts could once again become the kind of Tom Tiddler's ground that they were becoming during the brief reign of current cost accounting.

Insufficient incentive to save

From Mr Tim Wilson. Sir, Donald Franklin suggests the abolition of taxation on all non-earned income as a method by which individuals will be encouraged to increase their level of saving.

taxed and that this therefore discourages saving but that the incentive to save is inadequate. The average individual's utility derived from saving has fallen relative to the utility gained from consumption.

Pollution and contamination are not the same thing

From Mr J.M. Bowers. Sir, Your "Farmer's Viewpoint" on problems associated with nitrate in water (November 22) contains one puzzling conclusion: "It is clearly vital to limit pollution of all kinds even when the pollutant and its concentration is as apparently harmless as the present levels of nitrate in some UK water."

This reflects a common misunderstanding of the meaning of the word "pollution". Pollution - at least in a marine context - is defined internationally (that is, within the United Nations system) as implying some adverse effects upon the environment, its amenities or man.

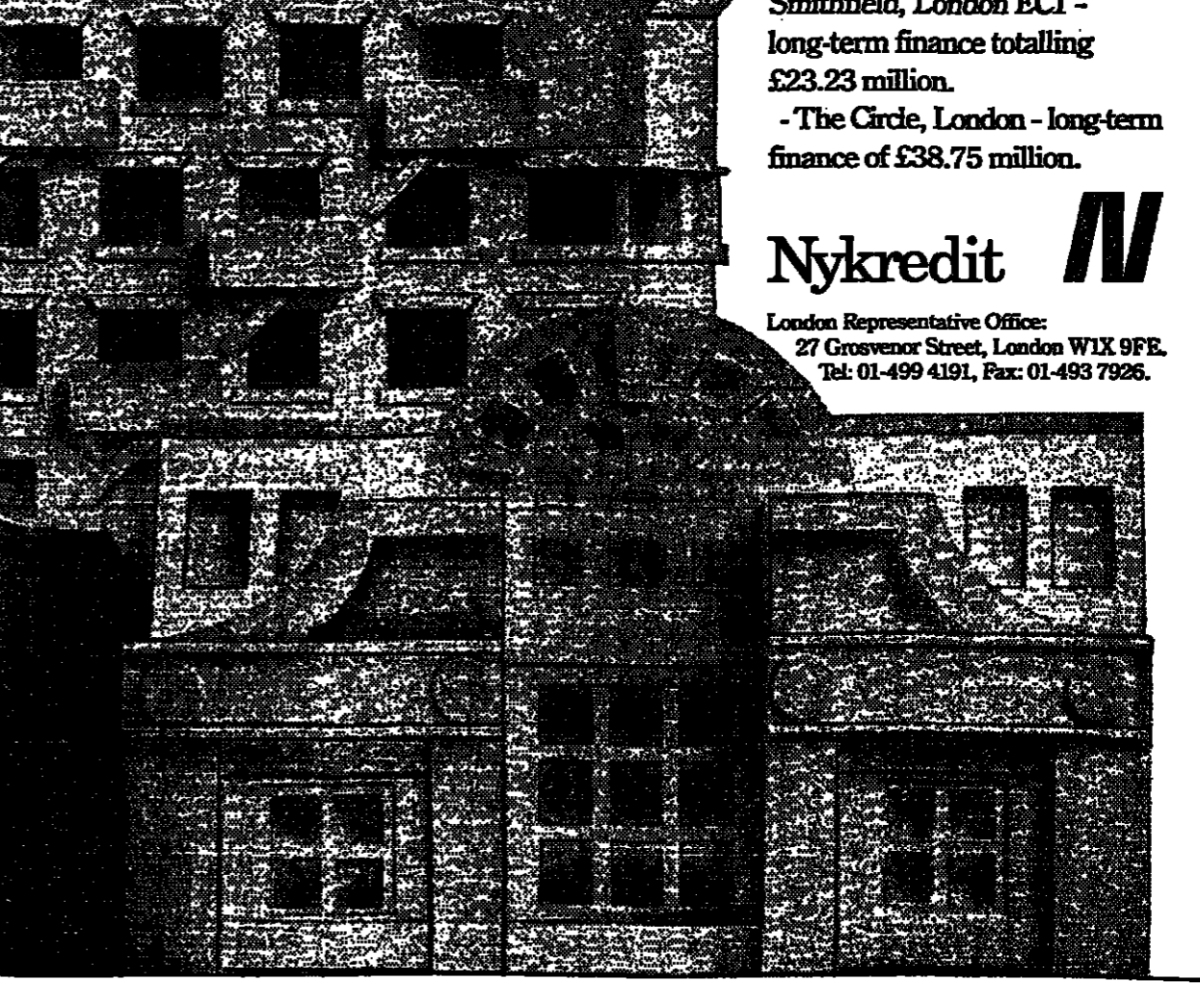
only of "contamination", meaning that the distribution or concentration of a substance has been altered by human activities, but without manifest harmful effects. In such instances there seems little justification - or benefit - in trying to reduce environmental concentrations of the substance concerned.

the severity, or risk, of adverse effects and of the benefits offered to society would be useful in justifying practices involving the use and dissemination of potentially-hazardous substances in the environment.

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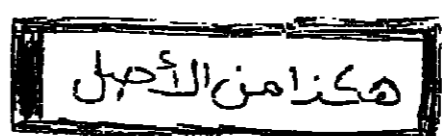
- Kings Building, Smith Square, London SW1 - £8.2 million loan.
- Warwick Balfour Properties, Smithfield, London EC1 - long-term finance totalling £23.23 million.
- The Circle, London - long-term finance of £38.75 million.



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FINANCIAL TIMES COMPANIES & MARKETS

Friday December 9 1988

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INSIDE Fishing fleets in troubled waters

A modern trawler operates more like a destroyer, leaving high hiding places for fish. North Sea fishermen who rely on catching cod and haddock have witnessed this year a dramatic decline in fishing stocks and as the EC Fisheries Council debates further cuts in cod and haddock quotas, fishermen warn that the industry is facing its worst crisis for 10 years.

Nestlé sweetens trading Switzerland was Europe's one bright spark in terms of equity volume last month, as Nestlé's move on registered shares stirred up activity.

Bright showing by FKI Babcock FKI Babcock, the electrical and engineering group, posted a rise in interim pre-tax profits from £13.3m to £20.7m, more than the £48m total for the whole of 1987.

Ministry nears defeat After two years, Japan's reform-minded Ministry of Finance is about to abandon its efforts to persuade the Post Office to expose itself to free competition with commercial banks.

Autolatina accelerates spending Autolatina, the holding company for Volkswagen and Ford operations in Brazil and Argentina, is stepping up its investment.

VW logo and text: and truck models and developing new ones, and \$350m on modernising and upgrading production lines.

Market Statistics table with columns for Base lending rates, Benchmark Govt bonds, European options etc.

Companies in this section table listing AT&T, Aegon, Alexander (Walter), Archer (A), Armstrong Equipment, Autolatina, Avdel, BMP, Banner Industries, Bejam, Bergen Bank, Berisford (S&W), Bois, Bond Int'l Gold, Braxway, British Inv Tat, CIC, Coat Tyres, Cowan de Group, East Asiatic, Edinburgh Fund Mngers, Electroflux, Equi Aquiline, Equity Consort, Evered Holdings, FKI Babcock, Fisher Challenge, GAN, GUS, Greycoat.

Chief price changes yesterday table with columns for FRANKFURT (DEM), PARIS (FFR), NEW YORK (DOLLAR), LONDON (Pounds), and NEW YORK prices at 12.30.

DAF set to raise \$460m from flotation

By Kevin Done in London and Laura Raun in Amsterdam DAF, the Dutch commercial vehicles maker, plans to go public in the first half of next year, most probably in May or June, with an international equity offering and a listing on the London and Amsterdam stock exchanges.

Trafalgar House buys into Carless

By Nikki Tait in London THE BITTER and complex bid battle over Carless, the oil independent, took a fresh twist yesterday as Trafalgar House, the UK shipping, property, and construction group, announced that it had acquired a 10.4 per cent stake and was considering disposing of its oil and gas interests to Carless in return for a mixture of cash and shares.

Lonrho bid to freeze Bond stake

By David Walker in London LONRHO, the London-based trading group which is being stalked by Mr Alan Bond, is attempting to freeze the Antipodean entrepreneur's 21.5 per cent stake in the company.

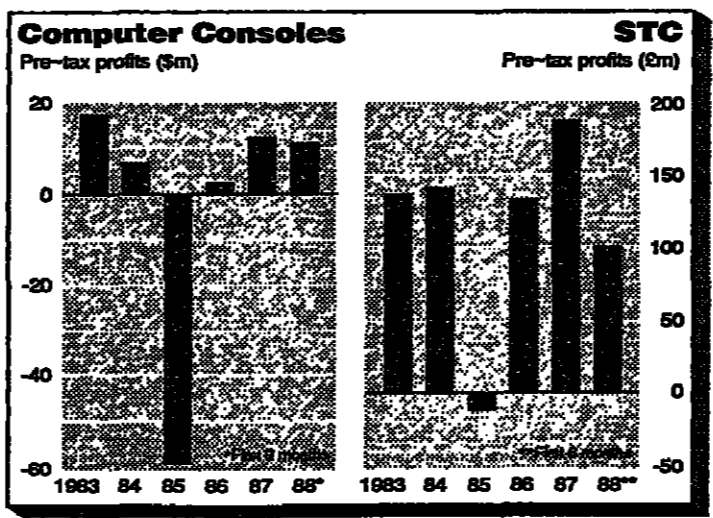
GrandMet profit leap outstrips forecast

By Lisa Wood in London GRAND Metropolitan, the foods and drinks group, yesterday reported a pre-tax profit of \$770m (\$1.1bn) for the year ended September 30, an increase of 25 per cent on the previous year.

STC plans to buy a line into intelligent networks

Hugo Dixon explains the company's new strategy

SINCE STC was removed from the British project to develop a digital telephone exchange in the early 1980s, the UK's second largest electronics group has been searching for an alternative strategy for its telecommunications industry which does not involve making its own exchanges.



By separating the intelligence from the exchange, new services can be provided rapidly in response to market needs. It can take four years to provide all customers with a new service, because of the need to write new software and install it on every exchange in a network.

TRADING PROFIT BY SECTOR (£m) table with columns for 1987, 1988, and % change for sectors like Food, Wines/spirits, Brewing, etc.

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## INTERNATIONAL COMPANIES AND FINANCE

## AT&amp;T and US Sprint win orders worth \$25bn

By Roderick Oram in New York

AMERICAN Telephone and Telegraph and US Sprint have won contracts worth some \$25bn over the next decade to build and run the US Federal Government's new private telecommunications system. It was the largest non-military procurement order ever by the Government.

The final verdict came after more than a year of highly political infighting, leaked bids and other manoeuvring. The disappointed bidder left empty handed by the process, a joint venture of Martin Marietta and MCI Communications, said it might contest the award in court.

AT&T, which will handle 60 per cent of the project, had been unsure it would win any part. It believed the General Services Administration, the government agency handling contracts, was biased against it because it had raised phone charges on the government's existing private network

steeply in recent years. Following the leaking of bid information earlier this year, several senior GSA officials were forced to resign.

AT&T and US Sprint will build by 1991 a private network called FTS-2000 serving more than half a million civilian and military government employees throughout the country. It should save the Government some \$200m a year in running charges. Calls on the existing network completed in 1983 cost almost twice as much as those on public services.

The new system's services will include switched voice, switched data, packet switched data, switched digital integrated services, video teleconferencing, electronic mail and dedicated transmission.

AT&T's partners in its part of the project are Boeing, the aerospace group which has a strong computer services business, and Computer Sciences, a software company. AT&T,

which plans to involve others such as some regional Bell operating companies, said its share was worth from \$2.7bn to \$15bn depending on how many government agencies use the system.

US Sprint, a joint venture between United Telecommunications, an independent telephone operating company, and GTE, a telecommunications and distance group, said the other 40 per cent of the business could be worth up to \$12bn.

The contract is a huge boost for US Sprint which is a relatively new player. Like the appointed MCI, it is a new long-distance telephone network that has eroded AT&T's market dominance in the past five years.

US Sprint will challenge AT&T in four years' time for the 60 per cent share, with the loser taking the minority part. The competitive process will be repeated three years later.

## Siemens' US joint venture abandoned

By Roderick Oram in New York

EFFORTS BY Westinghouse Electric of the US and Siemens of West Germany to establish a major US joint venture in a wide variety of industrial products have failed. Both parties said, though, they are still negotiating much narrower marketing pacts.

"We could not find common ground," said a Westinghouse official who declined to be more specific about the plan's failure. The venture, which would have been 51 per cent owned by Westinghouse, was to cover products in factory automation, industrial controls and circuit breakers.

Separately, Westinghouse has sold its Unimation robot business to Staubli International of Switzerland, the product's European distributor. Terms were not disclosed but the price was likely to be far less than the \$107m Westinghouse paid for Unimation in 1983. The company, once a world leader in robots, was never a great success for the US company.

Staubli, a maker of servo-controls for the textile industry and parts for pneumatic and hydraulic systems, will take over Westinghouse's Telford, England robot plant. Westinghouse will retain the controls part of Unimation and remain the robots US distributor.

The US group, which said it will continue to make heavy industrial robots used for example in the aerospace and automotive industry, said Unimation had not been part of the Siemens talks.

When the US and West German engineering companies announced their joint venture in April they said it would employ about 3,000 and generate initial sales of some \$300m-\$400m.

The venture would have been a useful boost to Siemens' US strategy. Through this decade the company has rapidly built its US sales in products such as medical, telecommunications, energy, factory automation and other types of equipment. It lost, however, DM450m last year on US sales of \$4m.

## Reprieve for California insurers

By Louise Kehoe in San Francisco

MOST ASPECTS of Proposition 103, the California "insurance revolt" ballot measure, must go into effect immediately, but not the controversial 20 per cent cut in property and casualty premium rates, the California Supreme Court ruled late on Wednesday.

In agreeing to hear insurance industry challenges to the constitutionality of the new law, passed by voters in the November 8 ballot, the court provided a temporary reprieve for the industry as it battles to prevent the rate cuts.

Provisions that will significantly change the insurance business environment in California will, however, go ahead. These include the repeal of

insurance companies' partial exemption from antitrust laws; a requirement that automobile insurance rates be based primarily on a driver's record, rather than on where a driver lives; a ban on insurance companies cancelling vehicle insurance policies, except in strictly defined circumstances; permission for banks to sell insurance; and the election of the state insurance commissioner, a post that is currently an appointment, starting in 1990.

The court also set a schedule for interested parties to submit legal briefs on the constitutionality of 103. The final deadline is January 23, meaning that the hearing should occur some time after that.

The most immediate impact of Proposition 103 is expected to be the entry of several large banks into the insurance market.

The Supreme Court ruling gave partial satisfaction to both insurance companies and the consumer advocates who have backed Proposition 103.

"I am very pleased that the court has said it will quickly hear the case," said Mr Harvey Rosenfield, author of Proposition 103. It indicated, he added, that a final decision will be issued by May 1989. "But we will never be satisfied until all of Proposition 103 is in effect."

On behalf of the insurance industry, however, Mr Stanley Zar, president of the Associa-

tion of California Insurance Companies, said: "We are delighted that the court has decided to hear the important constitutional issues surrounding Proposition 103."

The insurers have argued that the rate cuts mandated by Proposition 103 are unconstitutional because they do not take into account the right of insurance companies to make a profit.

They have also warned that the rate cuts could lead to widespread insolvency in the industry.

Several large insurance companies have threatened to pull out of the California property and casualty insurance market if the rate cuts go ahead.

## Salomon Brothers to repatriate \$1.1bn

By Anatole Kalotay in New York

SALOMON Brothers, the big New York investment bank, said yesterday it is to bring back to the US \$1.1bn of retained income from its overseas subsidiaries, primarily its international financing business, Salomon Finance, which is based in Zug, Switzerland.

The decision would result in a special charge of \$150m against fourth-quarter earnings. But owing to changes in the US tax code, remitting foreign earnings before the end of

1988 would be more tax-efficient than any later repatriation, a Salomon official said.

Salomon officials said the reduction in the capital of the foreign operations would effect only the Swiss financing subsidiary, and would have no impact on the group's core investment banking business.

He said that \$700m of the \$1.1bn were being repatriated to the US immediately, with the remainder to be remitted over the next few quarters. The

around \$500m. Mr Robert Salomon, managing director, said.

Mr Salomon said the move reflected "a strategic decision to shrink our financing operations," which was consistent with the group's increasingly focused approach to the securities and investment banking business.

Following yesterday's decision, the capital of Salomon Finance would be reduced to

\$150m charge announced yesterday would cover the anticipated tax liabilities on both portions of the earnings to be remitted.

Mr Salomon added that the decision to remit the earnings did not reflect any specific need for capital in the US operations, although it would increase the group's financial flexibility. Most of the \$700m being brought into the US in the current quarter would be used to repay short-term debt.

## Electrolux unit in Luxembourg expansion

By Robert Taylor in Stockholm

GRANGES Aluminium, a subsidiary of Electrolux of Sweden, has acquired the Luxembourg operations of the Pittsburgh-based National Aluminium Corporation. Financial details were not disclosed.

Mr Per-Olof Aronson, Granges president, said the move gave the company "additional production capacity, a stronger position in the market and an important bridgehead in the European Community."

National Aluminium's subsidiary has an annual output of 25,000 tonnes of aluminium foil and other aluminium products. Sales last year were around \$70m. Granges Aluminium produces 60,000 tonnes of rolled products annually and its sales in 1987 amounted to \$1.25bn.

Mr Aronson said Granges Aluminium had a strong international presence in extruded products and the Luxembourg deal was "a first step towards establishing a similar position in rolled products."

## French to switch control of banks group to GAN

By George Graham in Paris

THE FRENCH Government is on the point of transferring control of Crédit Industriel et Commercial (CIC), a nationalised grouping of regional banks, to the state-owned insurer Groupe des Assurances Nationales (GAN).

Mr Pierre Berégovoy, the finance minister, said yesterday he had agreed to GAN increasing its 35 per cent stake in CIC. "It is a good thing, given the capital requirements of CIC," he said.

Details of the operation have not been disclosed, but the state is expected to transfer part of its majority holding in CIC to GAN, taking the insurance group's stake to 51 per cent. The state would receive in return new shares in GAN itself, in which it already controls 85 per cent of the capital.

GAN replaced Suez, the since privatised banking and investment group, as the main shareholder in CIC after the state four years ago, but the results of this link between retail banking and insurance

have been slow in coming.

Socapi, a joint venture between the two selling savings bonds and retirement savings policies, is starting to sell its products throughout the CIC's network of regional banks and is expected to be profitable this year. The two have also co-operated on development projects outside France and are considering the sale of non-life insurance policies through the CIC network.

However, the heavy losses of CIC's largest unit, CIC Paris, have inhibited the development of the relationship. CIC Paris lost FF237m (\$36.4m) in 1987, but the entire CIC group announced first-half 1988 earnings of FF161m.

The rapprochement between GAN and CIC follows two years in which the two groups' complicated structures have been substantially reorganised, with a central holding company taking over control of a range of subsidiaries previously linked by crossed shareholdings.

## VW, Ford to boost Brazilian investment

By John Barham in Sao Paulo

AUTOLATINA, the holding company for Volkswagen and Ford operations in Brazil and Argentina, plans to increase investments to \$1.5bn over the next five years.

Earlier this year Autolatina, which is based in Sao Paulo, said it would invest \$1bn in the five years to 1993.

Mr Wolfgang Sauer, the company's outgoing president, said Autolatina will report a profit for this year, but refused to say how large earnings would be. In 1987 the company registered a \$22m loss.

The investments will begin next year with \$300m. Brazil would take 97 per cent of the funds. Autolatina, which has 60 per cent of the Brazilian market, said most of the investment will be developing

new products for the Brazilian market.

A total of \$950m is to be invested in Brazil on adapting existing car and truck models and developing new ones. A further \$500m will be spent on modernising and upgrading production lines. The investments should create 5,000 new jobs, the company said.

Ford will begin selling a bigger, improved version of its Escort at the end of 1989. It will be equipped with a 1.8 litre Volkswagen engine. The VW engines will also power a Ford mid-range saloon. In 1990, Volkswagen will begin producing cars equipped with Ford engines.

VW and Ford joined forces two years ago to cut costs by integrating industrial

operations, but retain their separate identities.

Autolatina said only part of its investment programme will be financed locally from retained earnings. Most of the capital will be provided by the Ford and Volkswagen headquarters.

Autolatina refused to say whether the money will come in the form of capital increases, via debt to equity conversions, or by a conventional inter-company loan.

In June, Chase Manhattan Bank converted \$200m of its Brazilian debt into a share of Autolatina. The company said it envisages no further conversions by the bank.

Mr Sauer now says that Autolatina's once-profitable export business has become a loss-maker because the Brazilian currency has not been devalued fast enough to keep up with very high inflation. Companies put the exchange rate gap at 30-40 per cent.

JM

# Johnson Matthey

## BUILDING FOR GROWTH

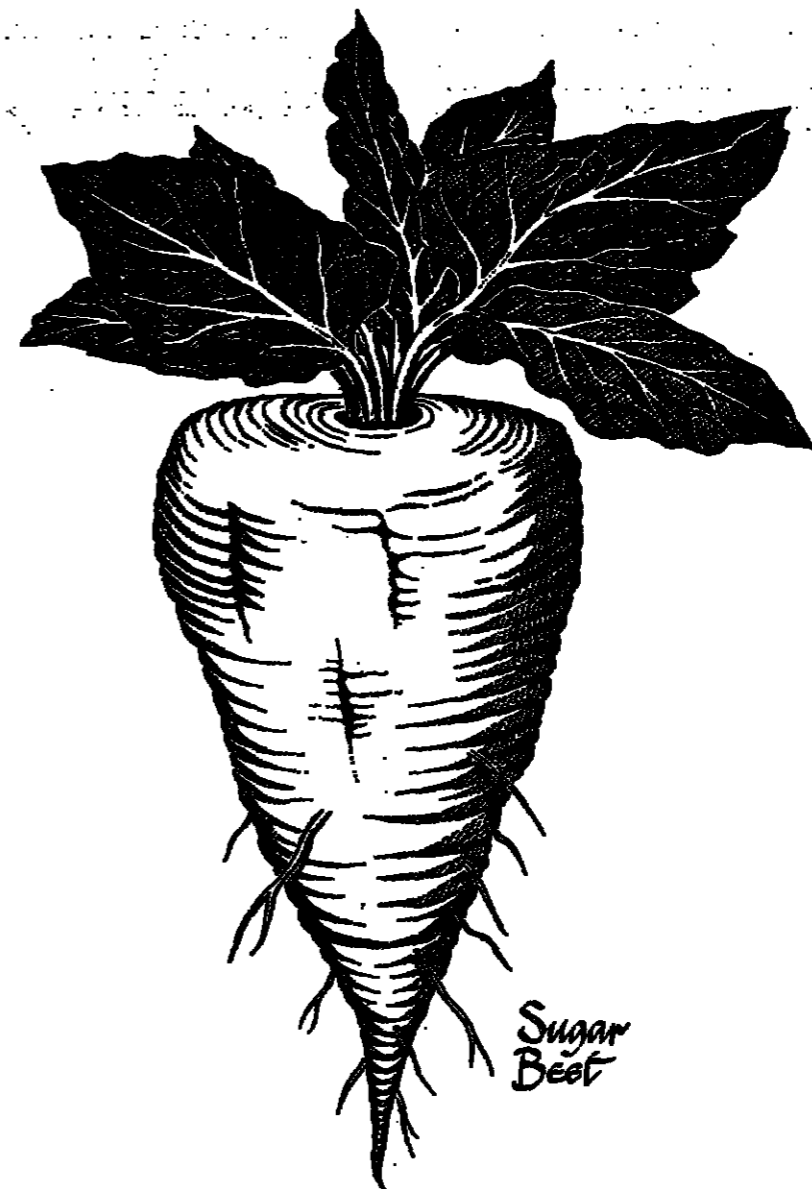
- acquisition doubles worldwide electronic materials business
- new European autocatalyst plant being built (Belgium)
- high purity chemicals acquisitions (USA and West Germany)
- restructuring European brazing alloy business
- new inorganic colours facility (UK)
- new ceramic transfers plant (France)
- Group Technology Centre expanding (UK)

## Six months' results - Highlights

	1988	1987
PROFIT BEFORE TAX	£31.5m	£30.5m
PROFIT AFTER TAX	£23.4m	£22.6m
EARNINGS PER SHARE	12.9p	12.5p
INTERIM DIVIDEND	2.5p	2.5p

- adverse precious metal prices and exchange rates overcome
- strong performance by autocatalyst business
- good industrial demand for platinum
- exceptional growth in platinum for jewellery and investment
- ceramic colours and transfers advance

THE ABOVE POINTS ARE EXTRACTED FROM THE HALF-YEAR REPORT, COPIES OF WHICH ARE AVAILABLE ON REQUEST TO THE COMPANY SECRETARY, JOHNSON MATTHEY PLC, NEW GARDEN HOUSE, 78 HATTON GARDEN, LONDON EC1N 8JP. TELEPHONE: 01-439 0011. TELEX: 267711. FAX: 01-831 9225



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E S Margulies Chairman

Summary of Results	1988 £m	1987 £m	% Increase
Profit before tax	101.6	87.5	+16
Earnings per share	35.6p	32.7p	+9
Dividend per share	15.5p	14.0p	+11

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MEETINGS OF WARRANT HOLDERS AND BONDHOLDERS

REDLAND FINANCE N.V.

Notice of a Meeting of the Holders of the Warrants issued with U.S.\$25,000,000 9 1/2 per cent Guaranteed Bonds Due 1991 of Redland Finance N.V. (the "Warrant Holders" and the "Warrants" respectively).

EXTRAORDINARY RESOLUTION

THAT this Meeting of the Holders of the Warrants taking on Ordinary shares in Redland PLC (formerly Redland Ltd) (the "Company") issued with the U.S.\$25,000,000 9 1/2 per cent. Guaranteed Bonds Due 1991 of Redland Finance N.V. (the "Warrants") now outstanding issued pursuant to the Warrant Agreement hereby:

- (1) generally and unconditionally authorizes and gives consent to the Company at any time and from time to time to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of its Ordinary shares of 25p each upon and subject to the condition that the price at which Ordinary shares may be purchased shall not be less than 25p per Ordinary share, exclusive of expenses and

THE RECEIVING AGENTS
Banque de Commerce S.A.,
51/53 Avenue des Arts,
B-1040 Brussels, Belgium.

REDLAND CAPITAL PLC

Notice of a Meeting of the Holders of the £60,000,000 7 1/2 per cent. Convertible Bonds Due 2002 of Redland Capital PLC (the "Bondholders" and the "Bonds" respectively).

EXTRAORDINARY RESOLUTION

THAT this Meeting of the Holders of the £60,000,000 7 1/2 per cent. Convertible Bonds Due 2002 of Redland Capital PLC (the "Company") issued with the U.S.\$25,000,000 9 1/2 per cent. Guaranteed Bonds Due 1991 of Redland Finance N.V. (the "Warrants") now outstanding issued pursuant to the Warrant Agreement hereby:

- (1) generally and unconditionally authorizes and gives consent to the Company at any time and from time to time to make market purchases (within the meaning of section 163(3) of the Companies Act 1985) of its Ordinary shares of 25p each upon and subject to the condition that the price at which Ordinary shares may be purchased shall not be less than 25p per Ordinary share, exclusive of expenses provided that the Company may before the expiry of this authority and consent make an offer or appointment which would or might require its Ordinary shares to be so purchased after such expiry as if the authority and consent herein had not expired; and

THE RECEIVING AGENTS
The Chase Manhattan Bank, N.A.,
Woolgate House, Colman Street,
London EC2P 2HD.

QUORUM AND VOTING FOR MEETINGS OF WARRANT HOLDERS AND BONDHOLDERS

1. A Warrant Holder wishing to attend and vote in person at the Meeting of Warrant Holders must produce at that Meeting a valid voting certificate issued by a Paying Agent at the office specified above. A Bondholder wishing to attend and vote in person at the Meeting of Bondholders must produce at that Meeting a valid voting certificate issued by a Paying Agent at the office specified above (the "Paying Agents").

INTERNATIONAL COMPANIES AND FINANCE
Japan considers pre-listing auction

By Stefan Wagstyl in Tokyo

A JAPANESE Finance Ministry committee is due to decide next week on a proposal to introduce a compulsory auction for pricing companies going public. In what would be a wholesale reform of stock market rules in the wake of the Recruit financial scandal.

THE Finance Ministry has launched an investigation into the private sale of convertible bonds in two companies in 1985 prior to the public flotation of the instruments. A small number of people - including at least one political

fund-raiser - were offered bonds of Asahi Chemical Industry and Sumitomo Metal Mining. At the time, such private offers were limited to 15 per cent of the total issue. In April they were banned altogether.

A modification of the present system which would oblige underwriters to take more account of the value of shares already on the market in pricing a new issue.

Judge Corp receivers warn of loss

By Dai Hayward in Wellington

UNSECURED CREDITORS and the thousands of shareholders in Judge Corporation, the former New Zealand stock market high-flier, are unlikely to receive any reimbursement for their losses, following the appointment of receivers this week.

Strong demand for HK Telecom offer

By John Elliott in Hong Kong

HONG KONG Telecommunications' international share placement and offer for sale has been more than 150 per cent oversubscribed in local and UK institutional markets.

BIG brings second mine on stream

By Kenneth Gooding, Mining Correspondent

BOND INTERNATIONAL GOLD (BIG), the company which brings together most of the gold mining interests of Australian entrepreneur Mr Alan Bond and which was launched on the New York Stock Exchange in July, has brought into operation its wholly-owned Richmond Hill mine near Leinster, South Dakota.

Petrocorp in deal over NZ synthetic fuels plant

By Dai Hayward

THE New Zealand Government will save NZ\$150m, including NZ\$50m in interest on the debt, by quitting the project.

Ceat Tyres emerges as market leader

By RC Murthy in Bombay

CEAT TYRES, the flagship company of RPG Enterprises, the expanding Indian industrial group headed by Mr R.P. Goenka, has emerged as the country's tyre market leader with a production of 2.6m tyres last year and revenues up 15 per cent to Rs2.64m (\$24.8m) in the year to June.

GENERAL

Copies of the Trust Deed, including the Terms and Conditions of the Bonds, referred to in the Extraordinary Resolution of Bondholders set out above will be available for inspection by Bondholders at the specified offices of the Paying Agents set out above. In accordance with normal practice the Trustee expresses no opinion on the merits of the proposal but has authorized it to be noted that it has no objection to the Extraordinary Resolution being submitted to the Bondholders for their consideration.

U.S. \$100,000,000
Great Western Financial Corporation
Floating Rate Notes Due 1995
Interest Rate 97 1/8% per annum
Interest Period 9th December 1988 - 9th March 1989

£100,000,000
PRUDENTIAL
Floating Rate Notes Due 1995
Interest Rate 13.2875% p.a.
Interest Period 7th December 1988 - 7th March 1989

BLOERS (B.K.) PLC
7 1/2% Subordinated Convertible Bonds
Net asset value as of 30th November, 1988 per CZ Share: 703.60

Brasilvest S.A.
Net asset value as of 30th November, 1988 per CZ Share: 703.60
per Depository Share: US\$11,042.06

Consolidated Gold Fields Finance PLC
£75,000,000
Guaranteed Floating Rate Notes 1995
unconditionally guaranteed by Consolidated Gold Fields PLC

Singapore Airlines drops hotel plan
SINGAPORE AIRLINES (SIA) has dropped plans to buy a stake in the Raffles, the Republic's most famous hotel.

U.S. \$150,000,000
Midland International Financial Services B.V.
Guaranteed Floating Rate Notes 1992

The "Shell" Transport and Trading Company, Public Limited Company
NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER
NOTICE IS HEREBY GIVEN that at the Extraordinary General Meeting of the Company held on 7th December, 1988 it was resolved to capitalise the sum of £252,417,207 being as to £136,209,799.78p the amount standing to the credit of 'Revaluation reserve - Other' and as to £216,207,407.22p part of the amount standing to the credit of 'Revaluation reserve - Investment' and to apply that sum in paying up in full new Ordinary Shares of 25p each for distribution credited as fully paid amongst existing holders of Ordinary Shares in the proportion of two such new Ordinary Shares for each Ordinary Share held.

INTERNATIONAL CAPITAL MARKETS

US borrower avoids leveraged buy-out fears with poison put

By Dominique Jackson and Andrew Freeman

A US corporate borrower managed to tap the Eurobond market successfully with the incorporation of a poison put option designed to protect investors against event risk such as a highly leveraged takeover situation.

Elsewhere, the primary market had a fairly patchy day while secondary market volume remained low in slack pre-Christmas business.

Credit Suisse First Boston led the £75m five-year deal for a unit of global door-to-door delivery network Federal Express, which is based in Memphis, Tennessee. The deal features an investor "event risk" put option at par if the parent company, which is the guarantor of the issue, should be downgraded to a level below investment grade ratings, that is triple-B or below.

Federal Express's outstanding debt issues are rated A2/A+. The put option, together with the attractive 12 1/2 per cent coupon on the deal, was the key to the success of the deal. Investors have sought shy of all bond issues by US corporate borrowers since the recent spate of highly leveraged buy-outs in the US.

The LBOs, often financed by massive amounts of new debt, have pushed the companies' gearing up to astronomical levels and led to subsequent credit downgrades by the rating agencies.

Meanwhile, existing bond holders have been forced to

INTERNATIONAL BONDS

stand by and watch their investments turn swiftly into quasi-junk bonds.

Federal Express said the issue was not swapped but would be used to refinance existing short-term credit from UK banks and also to fund the rapid expansion the company has been experiencing in the UK.

The so-called "poison put" is a feature many companies contemplating a debt issue are now being obliged to consider as few corporate borrowers could be expected to be well-received without the offer of some form of investor protection.

Federal Express said it had taken these investor needs into

consideration when contemplating the structure of the issue. The deal was well bid comfortably within its total fee level all day.

The Canadian dollar sector was tapped for the third time this week when JP Morgan brought a C\$75m deal to the market for the Federal Business Development Bank of Canada. Shorter-dated Canadian dollar paper continues to see steady demand.

This issue matures in May 1991 and carries a coupon of 10 1/2 per cent and, while it does not carry a formal government guarantee, it is generally considered to be implicit government risk.

It follows UBS's successful C\$75m issue on Wednesday for a unit of Thomson. Calculated on the basis of a long first coupon period of 16 months, the FDBB issue came at an effective initial yield margin of 14 basis points over comparable government securities.

The 10 1/2 per cent coupon, 50 basis points lower than that on the Thomson deal, attracted a fair amount of institutional interest, particularly in Japan where the sector has apparently come back into favour

following the recent Canadian election victory by the Conservatives.

According to the lead manager, some 20 per cent of the issue was taken by Japanese institutions, with surprisingly strong demand also seen from the UK. The traditional sector stalwarts, German and Benelux investors reportedly took the remainder of the bonds.

By the close, the deal was steadily bid at a discount of 1%, equal to its total fees while the spread had narrowed in somewhat in response to a slightly softer tone in the Canadian government bond market.

Hambros pulled off something of a feat yesterday by bringing the World Bank to the New Zealand dollar sector, just a day after bringing a similarly top-rated issue for United.

Although the sector is still fairly small, it appears to have retracted substantial investor attention of late which dealers said helped to facilitate the accommodation of both deals.

The name of the World Bank exerted its usual pull and the issue was well bid comfortably within its total fee level all day.

Exceptional investor demand was the trigger for Samuel Montagu to issue a further A\$50m of its novel deal launched in October for Australia Telecom.

The deal is identical in structure to the first A\$150m issue and is fully exchangeable with the borrower's domestic bond which carries the same 12 1/2 per cent coupon and maturity. The lead manager said demand had been seen from European and UK institutions, although the first issue has also seen a fair amount of interest from retail investors.

In West Germany, the mark Eurobond primary market had a fairly active day. Morgan Stanley in Frankfurt brought two issues.

The mandate for the Daimler deal for Sweden won following competitive bidding and the same lead manager also brought a DM\$300m five-year deal for a unit of Dai-ichi Kangyo Bank.

Both deals were reportedly syndicated swiftly. They both carry prime credit ratings. Nevertheless, dealers at other houses noted that terms on both issues were slightly on the tight side.

Some said they would have welcomed a lower issue price on the Dai-ichi Kangyo and a slightly higher coupon for Sweden, however, the five-year maturity was popular.

The lead manager quoted both deals bid at discounts of 2, equal to their total fee, quotes excluding listing fees. Quotes marginally outside this level were heard elsewhere in the market.

Associated issues \$60m Eurobond

By Norma Cohen

Associated Newspapers Holdings became the latest borrower to finance shareholdings in another company by issuing convertible debt.

Associated Newspapers, now owned by Daily Mail and General Investments, issued a \$60m Eurobond due 2005 which will be converted into shares of Reuters at an expected premium of 15 per cent.

However, Associated has reserved for itself the right to pay investors a cash sum equal to the value of the Reuters shares. Reuters shares are currently trading at 222.50.

The bonds will carry a coupon of 8.25 per cent, below the rate on comparable maturity UK government bonds and well below the rate Associated Newspapers would likely have to pay on a conventional Eurobond.

Associated Newspapers holds about 21.5m Reuters class B ordinary shares, 4.3m of which are set aside as security for an existing \$50m 6 per cent exchangeable bond. If the new Eurobonds are converted fully, they will reduce the company's holdings in Reuters by about 11m shares.

Co-op enters market for syndicated loans

By David Lascelles, Banking Editor

THE Co-operative Bank has entered the syndicated loan market for the first time as sole lead manager with a £50m revolving facility for the Town and Country Building Society.

The five-year loan was placed with a group of European banks. Mr Jim Barge, a director of the bank, said the Co-op Bank expected to be able to use its extensive connections with the local authority and building society markets to expand its syndicated lending business.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Issuer, Amount in \$m, Coupon %, Price, Maturity, Fees, Book runner. Includes entries for CANADIAN DOLLARS, AUSTRALIAN DOLLARS, NEW ZEALAND DOLLARS, D-MARKS, SWEDEN, STERLING, and SWISS FRANCS.

\*Private placement. †Convertible. ‡Final terms. a) Issue price to be fixed until. Fungible with A\$150m issue launched in October. †Convertible preference shares. b) Coupon indicated 8 1/2-9%. c) Increased from 225m. Coupon indicated 8 1/2-9%. d) Convertible into 5 Ordinary shares of Reuters Holdings.

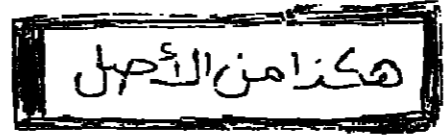
FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns: Issue, Amount, Bid, Offer, Day, Week, Yield, etc. Lists various international bonds such as Abbey National, Amer. Brands, etc.

Table with columns: Issue, Amount, Bid, Offer, Day, Week, Yield, etc. Lists various international bonds such as BENTON & BOWLES, STRAIGHTS, etc.

Straight Bonds: The yield is the yield to redemption of the mid-price of the amount listed in millions of dollars. Change on week - Change over price - week earlier. Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown in minimum. Cdn - Date next coupon becomes effective. Spread - Margin above six-month offered rate (three-monthly; balance mean rate for US dollars). Cdn - The current coupon. Convertible Bonds: Denominated in dollars unless otherwise indicated. Cdn - Change on day. Cdn date - First date of conversion into shares. Cdn, price - Nominal amount of bond per share expressed as a percentage of the par value of the bond. Price - Percentage premium of the current price of the bond over the most recent price of the shares.



These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

8th December, 1988

NISSHO IWAI CORPORATION

U.S.\$300,000,000 4 1/2 per cent. Bonds due 1992 with Warrants

to subscribe for shares of common stock of Nissho Iwai Corporation

Issue Price 100 per cent.

Nomura International Limited

- List of international financial institutions including Sanwa International Limited, Kleinwort Benson Limited, The Nikko Securities Co., (Europe) Ltd., DKB International Limited, Morgan Stanley International, Cosmo Securities (Europe) Limited, Yamaichi International (Europe) Limited, etc.

This advertisement appears as a matter of record only.



TATE & LYLE PLC

(Incorporated with limited liability in England and Wales)

US\$100,000,000

9 5/8% NOTES DUE 1992

Issue Price: 101 1/4%

BARCLAYS de ZOETE WEDD

Large advertisement for TATE & LYLE PLC featuring a list of international financial institutions and their contact information.

BARCLAYS de ZOETE WEDD

December, 1988.

INTERNATIONAL CAPITAL MARKETS

Post office saved from liberalisation

Stefan Wagstyl reports on an expected rebuff for Japan's powerful Finance Ministry

The forces of financial liberalisation in Japan have failed to storn the conservative citadels of the Ministry of Posts and Telecommunications...

The post office will maintain virtually intact a system which pays artificially high interest rates on about one-fifth of Japan's total personal savings.

The Finance Ministry, rivalled in prestige in Tokyo only by the Ministry of International Trade and Industry, is expected to admit defeat by the end of the year.

CBOT volumes rise 11%

By Katherine Campbell THE CHICAGO Board of Trade has announced an 11.9 per cent increase in the year to date volumes on the same period for 1987...

Total volume for the month stood at 97,152 contracts, which represented a 77.2 per cent increase on October. Open interest achieved a record 30,638 lots on November 30.

BALANCE OF POSTAL SAVINGS (YEN)

Table showing postal savings balance in Yen from March '84 to November '88.

interest are paid. The Finance Ministry has long been one of the strongest supporters of financial deregulation...

The Bank of Japan, the central bank, supports the ministry's plans. So do commercial banks, which see deregulation as a chance to attack the post office's huge deposits.

Bank officials declined to give details. TDRs, modelled after American Depository Receipts...

Sweden waives tax on brokers

STOCKBROKERS in Sweden dealing on their own account will not have to pay the new turnover tax...

That tax was to be extended to these brokers too from January 1, but Mr Viggo Troedsson, Brokers' Association director...

Taiwan row over TDRs

Taiwanese market in order to prevent share prices from surging. The Taiwanese Government does not allow foreign stocks to be listed directly on the island's local stock exchange.

Taiwanese Central Bank officials have expressed their disagreement with a proposal by the Taiwan Securities and Exchange Commission...

Bank officials declined to give details. TDRs, modelled after American Depository Receipts...

But Ms Shirley Kuo, the Finance Minister, said she would discuss the problem with Mr Chang Chi-cheng, the Central Bank Governor...

Choppy session for US in wake of short covering

By Janet Bush in New York and Katharine Campbell in London

Lacking concrete news, the market topped for while in the afternoon with the rumour of the resignation of Mr Nigel Lawson...

It was a choppy session, with cash bond prices following movements in the dollar and the March bond futures contract on the Chicago Board of Trade.

However, prices started slipping again in early afternoon trading, partly reflecting a continued slide in the dollar which slumped to lows of Y122.15 and DM1.7340.

THE primary influence on a lethargic gilt market was the Confederation of British Industry's survey on British retailing sentiment. It surprised nobody that sales were expected to slow next year...

Swedish market in order to prevent share prices from surging

The Taiwanese Government does not allow foreign stocks to be listed directly on the island's local stock exchange.

But, in response to US requests to open securities markets wider, the SEC planned to issue TDRs first, then introduce ADRs later.

FT-ACTUARIES SHARE INDICES

Table of FT-Actuaries Share Indices including Equity Groups and Fixed Interest indices.

LONDON MARKET STATISTICS

Table of Rises and Falls Yesterday, London Recent Issues, and Fixed Interest Stocks.

RIGHTS OFFERS

Table of Rights Offers with columns for Issue, Amount, Latest Price, and Stock.

TRADITIONAL OPTIONS

Table of Traditional Options including First Dealings, Last Dealings, and Profit Settlements.

LONDON TRADED OPTIONS

Large table of London Traded Options including CALLS and PUTS for various stocks and indices.

Copyright in index 1988 by 10 am 1762.7; 11 am 1764.5; Noon 1757.2; 1 pm 1758.1; 2 pm 1757.6; 3 pm 1755.5; 4 pm 1756.4; 4.45 pm 1756.9.

For rate indications see end of London Share Service.

Handwritten mark 'VF' in the top right corner.

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**The Diary.** Includes 4-page planner, business and motor expense tables. Diary runs from 28 November 1988 to 28 January 1990, showing 7 days at a glance, international public holidays, number of days passed and left in the year - together with tax and calendar week numbers. Plus four months of the 1989 calendar on each page.

**Statistics and Analysis.** Graphs showing the FT Ordinary Share Index, FT Actuaries British Government All-Stocks Index, FT-SE 100 Index, London Dow Jones Industrial Average Index and the Standard and Poors 500 Composite Index for New York and the Nikkei Average Index for Tokyo. A Guide to FT Statistics defines the indices found in the Financial Times. Weekly analysis chart for scheduling and planning over a year. Includes weights and measures, international clothing sizes, metric conversions and graph paper for your own analyses.

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**Indexed Address/Telephone Directory** - with international dialling codes.

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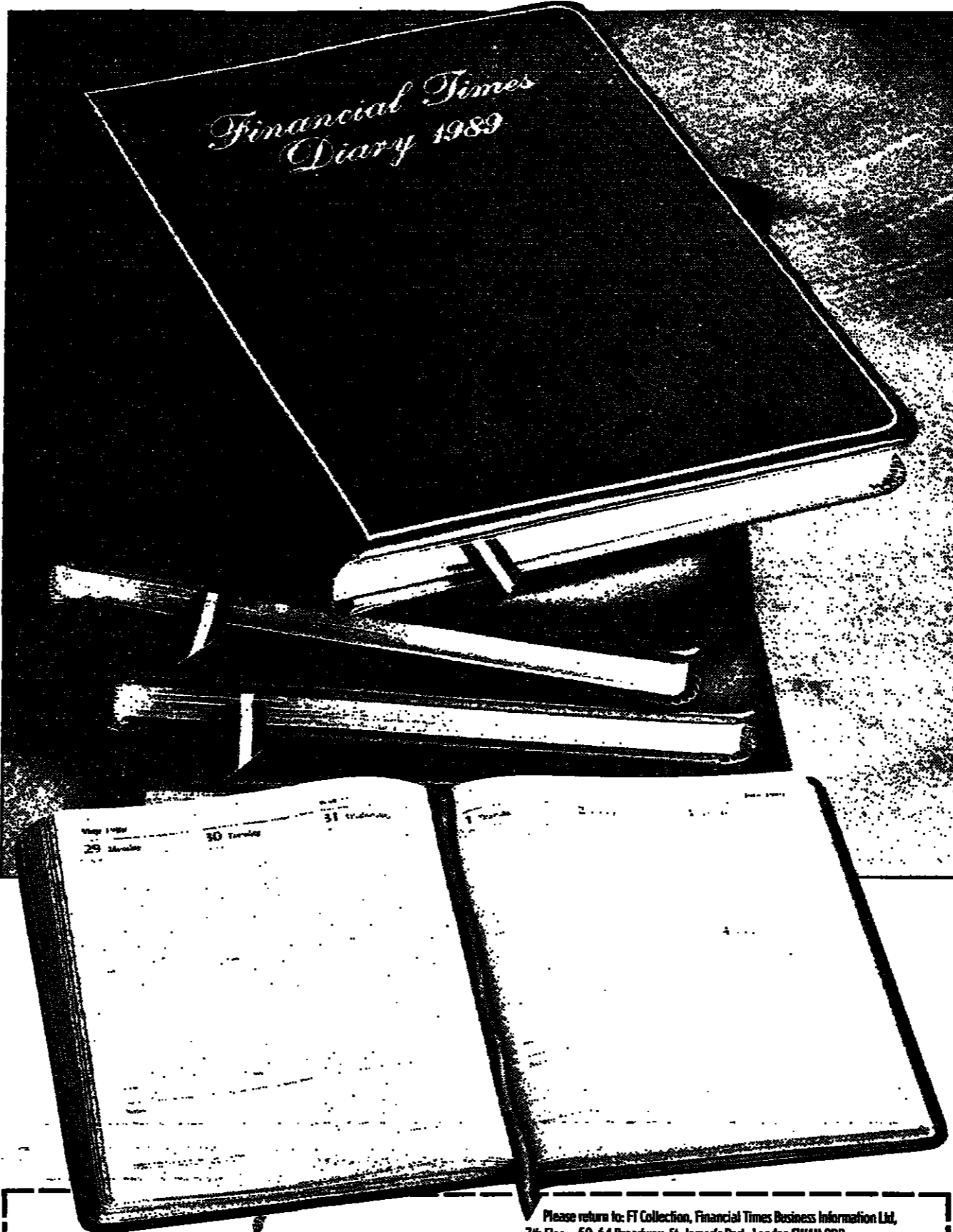
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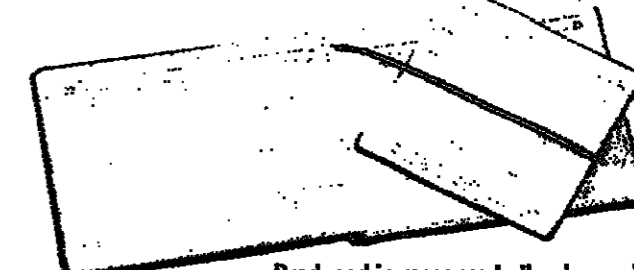
# FOR 1989?



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2. Indicate how many items you wish to have gold-blocked with your names, initials and/or logos.  
3. If your order totals less than £150, please complete the payment details below.

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CODE	TYPE OF DIARY	DISCOUNT BANDS					ITEM CITY	
		U.K. PRICE ON A TOTAL OF 1-24 ITEMS (inc. P&P & VAT)	OVERSEAS PRICE ON A TOTAL OF 1-24 ITEMS (inc. P&P & VAT)	25-49 ITEMS	50-99 ITEMS	100-249 ITEMS		250-499 ITEMS
CS 07171	Chairman's Set (Desk and Pocket Diary), brown leather	£107.75	£103.80	£81.33	£79.56	£76.02	£73.37	£66.30
DL 07006	Desk Diary, black leather	£55.94	£56.75	£42.60	£41.67	£39.82	£38.43	£34.72
DB 07018	Desk Diary, burgundy bonded leather	£36.62	£39.95	£27.14	£26.55	£25.37	£24.48	£22.12
DP 07286	FT Pink Desk Diary, black bonded leather, pink pages, page-a-day	£25.07	£29.90	£18.22	£17.82	£17.03	£16.44	£14.85
DC 07020	Desk Diary, black leathercloth	£20.47	£25.85	£14.44	£14.13	£13.50	£13.03	£11.77
PL 07031	Pocket Diary, black leather	£11.44	£10.95	£8.74	£8.55	£8.17	£7.88	£7.12
PP 07274	FT Pink Pocket Diary, black cover, pink pages	£11.04	£10.60	£8.37	£8.19	£7.86	£7.55	£6.82
PB 07043	Pocket Diary, burgundy bonded leather	£10.86	£10.45	£8.23	£8.06	£7.70	£7.43	£6.71
PC 07262	Pocket Diary, black leathercloth	£10.17	£9.85	£7.68	£7.51	£7.18	£6.93	£6.26
WP 07316	Wallet, black leather, 8x PP	£22.94	£20.95	£17.89	£17.50	£16.73	£16.14	£14.59
WB 07304	Wallet, burgundy leather, 8x PP	£21.21	£19.45	£16.51	£16.15	£15.44	£14.90	£13.46
WL 07298	Wallet, black leather, 8x PL and PC	£21.21	£19.45	£16.51	£16.15	£15.44	£14.90	£13.46
FO	Factminder, black leather personal organiser	N/A	N/A	£26.95	£26.37	£25.20	£24.32	£21.98
FOG	Factminder, burgundy leather personal organiser	N/A	N/A	£26.95	£26.37	£25.20	£24.32	£21.98

### Gold Blocking Initials/Surname (optional extra)

Personalised gifts are much appreciated and cost very little extra	1-24 (U.K.)	1-24 (Overseas)	25-49	50-99	100-249	250-499	500+	CITY
Initials and Surname (only available on diaries)	£3.56	£3.10	£2.85	£2.79	£2.67	£2.57	£2.32	
Initials only	£1.78	£1.55	£1.43	£1.40	£1.34	£1.29	£1.17	

Please note: The Chairman's Set consists of two items therefore blocking charge is double. We regret refunds cannot be given for gold blocked items.

### Gold Blocking of your Company logo (optional extra)

There is an origination charge of £30 per order. If you supply your own blocking letters or if we hold a license from previous years, we'll give you a £20 reduction. If you require logos on two different sizes of product it may be necessary to have two different sized logos.

NUMBER OF ITEMS TO BE BLOCKED	1-24 (U.K.)	1-24 (Overseas)	25-49	50-99	100-249	250-499	500+	CITY
	N/A	N/A						

The process of goldblocking your diaries/organisers is FREE.

### Block for your logo

Black required  Arrows enclosed  Letterhead enclosed  Sketch enclosed  Block enclosed  Block you hold

### Personal Greetings

We will be delighted to include your greetings cards or compliment slips free of charge. Tick box if required and enclose them with your despatch list.

### Your own publicity material in Diaries or Organisers

Further enhance your company image by creating your own edition FT Diary or FT Organiser. You can cost-effectively insert publicity material in your diary or organiser, in colour or black and white, of exclusive information to promote your company throughout the year. Please telephone to discuss your requirements, or send us a rough design.

How to pay: Payment must accompany order, except on orders over £150 (incl. VAT) from UK registered companies which will be invoiced. Payment should be drawn on a Sterling/US Dollar account made payable to 'FT Business Information Ltd.'

### Tick method of payment

Change  Money Order

### Card Number

(If the billing address differs from the above, please notify us.)

### Expiry Date

(Please complete, as your order may be returned if expiry date is not shown.)

FOR FURTHER INFORMATION ON BULK ORDERS, PLEASE RING JILL, MICHELLE OR DEBBIE ON 01-799 2269 OR 01-799 2002

Despatch No:  
Date received:  
Readline Consignment No:

TELEPHONE ORDERS FOR LESS THAN 25 ITEMS:  
**01-799 2274**  
with your credit/charge card details

Cardholder's name (BLOCK CAPITALS):

Cardholder's signature:





UK COMPANY NEWS

# Platinum price fall limits JM

By Kenneth Gooding, Mining Correspondent

MR EUGENE ANDERSON, chief executive of Johnson Matthey, precious metals group, yesterday dropped a broad hint that his company was unlikely to be caught up immediately in the significant management and policy changes at its major shareholder, Charter Consolidated.

A recent boardroom shake-up at Charter, which controls 38 per cent of Johnson Matthey, saw the arrival of Sir Michael Edwards as chairman. He is also chief executive of Minorco, Luxembourg investment company, which has a 38 per cent stake in Charter.

Mr Anderson said he and the Johnson Matthey board had had an amicable lunch meeting with Sir Michael, were very satisfied with the answers he gave to several pertinent questions and "he assured us of

Charter's continuing support of Johnson Matthey, its strategy and its management."

As for the Cookson Group, which in July bought a 6.3 per cent shareholding in Johnson Matthey, Mr Anderson said there had been no attempts by either company to make contact. "They appear to have been totally silent as to their intentions."

Mr Anderson pointed out that Cookson's holding was sufficient to prevent the success of a bid by Charter for Johnson Matthey.

He was speaking after Johnson Matthey announced a 3 per cent increase in pre-tax profit for the six months to September 30, from £20.5m to £21.5m. Earnings per share slipped from 13.7p to 13.4p. The company is to pay an interim dividend maintained at 2.5p.

Mr Anderson suggested this

was a satisfactory performance in view of the sterling price of platinum being 15 per cent lower than in last year's first half and the dollar was 7 per cent weaker against sterling.

There would be a further major rationalisation move in the second half which would cost about £15m but would be self-financing, he said.

Turnover in the half year was £264.6m (£258m), operating profit was £22.2m (£21.1m) and retained profit, after extraordinary debits of £1.8m (£1.8m), came out at £21.6m (£20.8m). Net money and metal borrowings at the end of the period were £52.5m (£78.2m).

● COMMENT

The latest results show that Johnson Matthey has now absorbed the major benefits of the restructuring which has transformed the company over

the past three years. Two thirds of the business is still platinum-based so the price of that precious metal - and converting the US dollar price back to sterling - is now paramount. Platinum averaged £307 an ounce in the first half against £261 in the same months last year. But in October and November the price was 10 per cent above the £294 in last year's second half. So analysts are predicting £28m to £28m for the full year against £20.6m before tax last time. The share price still contains some element of hope that Johnson Matthey will be bid for as Minorco and Charter sort themselves out. However, a bid seems unlikely in view of possible platinum monopoly implications but some believe the company's drive into new technology is worth the premium.

# Greycoat up 66% but slowdown forecast

By William Cochrane

GREYCOAT, the property group which has spiced its traditional property investment status with a big development programme, produced half-year profits up 66 per cent yesterday, to £18.45m before tax for the period to September 30. But it went on to forecast a slightly lower figure for the second six months.

Total income rose to £12.57m (£8.47m) while finance expenses fell to £1.48m (£1.67m). Administration costs increased to £1.34m (£1.07m) and there was a share of profits of associated companies totalling £742,000 (£600,000).

After tax of £1.05m (£500,000) earnings per share worked through at 10.5p (7.5p). The interim dividend is raised to 2p (1.6p).

Mr Richard Guignard, the finance director, explained last night that the group has a fully financed development programme with a projected cost in excess of £750m, compared with investment properties valued at £271m in the March 31 1988 balance sheet.

The group's financing policies have been designed to retain virtually all of its major property developments. This can be a heavy burden, said Mr Guignard, with a programme of Greycoat's size. "We have a couple of properties where the income flow, initially, will be less than the interest charge," he revealed.

Mr Guignard emphasised, however, that the group had most of its borrowing tied down on a fixed rate basis, and that it was not exposed to the floating rates which have worried stockbrokers since they started their rapid climb in August.

# Speyhawk soars to £17.3m and upgrades assets in its strategy

By William Cochrane

SPEYHAWK, which led the 1980s generation of merchant developers to the stock market, produced results reflecting the property boom yesterday and broadcast a fundamental change in the character of the group.

Profits before tax for the year to September 30 were 72 per cent higher at £17.3m, earnings per share rose 60 per cent to 44.9p and net assets per share - the key element in Speyhawk's change of direction - increased by 64 per cent to 398p.

The board has adjusted the emphasis of the business to give equal weight to the generation of increased profits, and net assets per share. In other words, it took some of the developments it completed last year, with the capital surplus they created, straight into the balance sheet rather than the profit and loss account.

Mr Trevor Osborne, founder and chairman of the company, said that it had always regarded the creation of assets as secondary to profit. But the

stock market crash of October 1987 saw Speyhawk shares plummet to 198p, just over a third of their summer peak, and this was the kind of shock he did not want shareholders to experience again.

Speyhawk, he said, would be attacking asset generation in three ways:

- By retaining developments with exceptional prospects of capital growth. For example, it has an office project in the Minorities, London EC3, which is assured "substantial growth" when the first rent reviews come along in 3 1/2 years' time.
- By buying properties which need work.
- By buying special situations. Inspired, he said, by a Japanese banker, Mr Osborne bought the freeholds of eight bus depots around London's M25 orbital motorway when the bus companies were privatised, leased them back to the same users, and racked up a profit of 100 per cent in at least one case.

The annual dividend is

raised from 11p to 12.5p. Speyhawk said that it intends to strengthen its capital base by a £25m placing of preference shares with institutional investors when market conditions are "appropriate". The board is also proposing to take powers to buy back up to 10 per cent of the equity through the stock market.

● COMMENT

Mr Osborne said yesterday that asset creation should create a "floor" for shareholders which would rise every year, as developments were brought to book and value was added in other ways. In today's stock market, unfortunately, the door to the basement is always open. Speyhawk eased 2p to 309p in a dismal property shares market, leaving it cheap in relation to performance, asset value or the p/e of 6.9. There has been concern about borrowings; gearing is now 31 per cent, rising to 61 per cent if off-balance sheet finance is incorporated. The preference issue would make a welcome dent in these ratios.

# Chrysalis at £1.8m after setback in US

By Philip Coggan

CHRYSLIS GROUP yesterday reported a sharp fall in pre-tax profits to £1.8m in the 14 months to August 31 and a 60 per cent cut to 2p in its final dividend. A downturn from the previous year's £7.26m had been forecast by Mr Chris Wright, chairman, in July.

Mr Wright said no decision had been taken on whether to take the company private. "It was still one option," he said. Chrysalis joined the market three years ago via an offer which ended up mainly in the hands of the underwriters.

The main problem last year for the entertainment and leisure group was the US records division which lost £7m (£3.8m), compared with a £1m loss in the previous year. The US business had suffered from lower than anticipated sales,

whilst the company had continued to incur high costs.

Mr Joe Kiener has been recently appointed to assess the US operation and he is the midst of his review. He expects to present proposals for the restructuring of the business in two months time. The poor performance in the US has continued into the current year.

Two other factors prompted the shortfall. Max Headroom, the computer-generated presenter made no contribution, having added £1.4m in the year to June 30 1987. And the property division only broke even, having brought in £1.6m last time.

Most of the other businesses performed well with the UK and European record operations performing ahead of

budget.

Group turnover was £117m (£105.77m). After tax of £1.26m (£2.39m) and minority interests of £141,000 (£228,000), earnings per 10p share were 91 per cent lower at 1.46p (17.08p). The final dividend is being cut from 5p to 2p, making a total of 4p (7p).

Shareholders are being given the option of receiving the dividend in the form of scrip shares. Mr Wright will be electing for the scrip alternative in respect of his own 12.01m shares.

● COMMENT

Those investors who shunned Chrysalis' flotation three years ago have proved pretty perceptive. The shares, after yesterday's 4p fall to 108p, are little more than half their offer

price. Artists are temperamental and the record buying public is fickle; it is accordingly hard for a small company like Chrysalis to avoid the occasional lean year. However, whilst one can have sympathy for Chrysalis, it is harder to be enthusiastic about its prospects. Short of slashing costs drastically (which would effectively mean withdrawal from the market), or hiring Bruce Springsteen, it is difficult to see how a turnaround in the US can be achieved in the short term. So, for a swift upturn in profits, shareholders will have to rely on the TV operations (another extremely competitive business) or a surprise hit from the group's roster of middle-ranking artists. The shares are only for the brave, or for fans of Pat Benatar.

# Peel lifts London Shop offer and raises stake

By Vanessa Houldier

PEEL HOLDINGS, the property company bidding for its fellow retail specialist London Shop, has increased its offer and raised its interest in its target to 29.9 per cent.

Peel is now bidding 315p cash for the ordinary shares, which represents a 5 per cent increase over the initial offer of 300p. London Shop's share price rose from 306p to 318p.

Mr John Bushell, chairman and chief executive of London Shop said the offer still did not

reflect the company's value.

London Shop's first external valuation since April 1986 was being prepared. He was confident this would show a substantial increase over the net asset value at April 30 of 267.7p per share.

The 80p preference share offer is unchanged. Peel is now offering 316.5p for the 9 per cent convertible unsecured loan stock, 188.85p for the 9.25 per cent stock and 122.85p for the 7 per cent stock.

# Archer exceeds floor forecast

A J Archer Holdings, Lloyd's managing agent which joined the market in March, unveiled pre-tax profits of £6.12m in the 12 months to September 30 - £215,000 above the prospectus forecast.

The outcome compared with profits of £6.2m in the previous year - the downturn representing a lower contribution from profit commission and increased operating expenses.

Turnover was £7.53m (£9.12m). Earnings per 1p share came out at 15.6p (19.4p), and a final dividend of 4.25p is declared.

# Wardle raises pressure on Armstrong

By Clare Pearson

WARDLE Storeys, plastic sheeting and security equipment company, yesterday increased the pressure on Armstrong Equipment, automotive parts and industrial fasteners concern for which it has launched an £24m bid, by dismissing its defence document as "yet another promise of jam tomorrow".

In a letter to Armstrong shareholders, Wardle called on Armstrong to make a profits forecast to back up the confidence in the future expressed in the defence document by Mr Roy Watts, chairman.


It said this was just like the "vague expressions of confidence" he had voiced regularly over the last two years. But during this period both pre-tax profits and earnings per share had declined.

Yesterday Armstrong's shares slipped 4p to 159p, an equivalent value to Wardle's offer of three shares and 60p in cash for every 18.

Meanwhile, in a move apparently prompted by a complaint from Wardle to the Takeover Panel, Armstrong yesterday issued a statement confirming a comment made by Mr Watts

to the press but not included in the defence document. This concerned prospects at its York absorber plant, problems with which were the main reasons pre-tax profits slipped from £7.7m to £7.1m in the year to July 2.

On Tuesday, Mr Watts had said he expected York to achieve an "acceptable level of profitability" in calendar 1989. Wardle Storeys had complained that given the importance of York this should have been included in the defence document - which set no date for the recovery.



## Y. J. LOVELL (HOLDINGS) PLC

MAIN GROUP ACTIVITIES  
Construction, Residential and Commercial Development and Plant Hire

# Record Profits and Further Growth

PRELIMINARY ANNOUNCEMENT  
Results for the year ended 30th September, 1988

	1988	1987
	£m	£m
Turnover	382.7	323.7
Profit before Tax	24.4	16.2
Shareholders' funds	93.4	75.1
Dividends per Ordinary share	6.65p	5.0p
Earnings per Ordinary share	28.0p	20.6p
Net asset value per Ordinary share	163.8p	132.5p

HIGHLIGHTS OF THE YEAR

- Profit before Tax increases for fourteenth successive year to £24.4m.....+51%
- Dividend.....+33%
- Earnings per share.....+36%
- Record profits from residential development
- Partnership and Urban Renewal work in hand exceeds £400m
- Construction order book at record level
- Buoyant year for Commercial Developments—good growth prospects

"The record level of orders in Urban Renewal, Commercial Development and Construction will, it is believed, more than offset any reduction in the demand for private housing in the current year. The impact of recent increases in interest rates must give rise to some caution but the Directors are of the opinion that the Group's progress will continue through 1989."

Sir Norman Wakefield, Chairman

The 1988 Annual Report and Accounts will be sent to Shareholders on 16th December, 1988.

# Lovell

## TENNENT C ▲ LEDONIAN BREWERIES

## BASS MITCHELLS ▲ ND BUTLERS

## BASS W ▲ LES AND WEST

## BASS IRELAND ▲ ND

## B ▲ SS NORTH

## TOBY REST ▲ URANTS

## CH ▲ RRINGTON AND CO

## AUGUSTUS B ▲ RNETT

## B ▲ SS & TENNENT SALES

## ▲ LEXIS LICHINE

## HEDGES ▲ ND BUTLER

## BRITVIC CORON ▲

## CORAL SOCI ▲ L CLUBS

## B ▲ SS LEISURE

## HOLID ▲ Y INNS INTERNATIONAL

## CREST HOTEL CH ▲ IN

## B ▲ SS EXPORT

## DELTA BIOTECHNOLOGY

## CORAL R ▲ CING

**ALL ADD UP TO ▲ ANOTHER RECORD YEAR**

Preliminary results to 12 months ended 30th September 1988		
Turnover	+16.2% to	£3734.3 million
Profit before tax	+22.9% to	£448.6 million
Earnings per share	+22.9% to	88 pence

These are some of the Companies that made it a record year for Bass. Profit before tax rose 22.9% to £448.6 million. Turnover was 16.2% higher at £3734.3 million. Earnings per share increased by 22.9% to 88p. Dividend per share recommended to increase by 20.2% to 18.10p. Bass has excellent brands, first class pubs and highly experienced people.

The purchase of the Holiday Inns trade mark and assets outside North America established an important base for worldwide expansion.

Beer volume increased by 3% against an estimated market increase of 1%

Pub retailing results were very good and offer significant growth opportunities for the future.

Bass now has four divisions: Brewing & Pub Retailing; Hotels and Restaurants; Leisure; Soft Drinks, Wines & Spirits and Other Activities.

We continue to be confident of the opportunities for profit growth from our businesses during the coming year, despite the less certain economic environment.

# BASS

## ADDS UP

UK COMPANY NEWS

GUS THE GREAT UNIVERSAL STORES P.L.C.

Comparative Consolidated Profits (unaudited)

Table with 2 columns: 1988 and 1987. Rows include Turnover, Profit before taxation, Taxation, Minority interests, Profit after taxation, Earnings, Interim dividend, and Analysis of Divisional Income.

As previously reported, the near month long postal dispute in September has inevitably affected the performance of the current autumn-winter catalogues and it is still too early to quantify the full effect. The catalogue division has continued its ongoing programme for improving productivity, streamlining costs and maximising cash flow.

Pilkington rises to £139m but fails to excite City

By Vanessa Houlder
BUOYANT DEMAND in Europe helped Pilkington, glass manufacturer, raise pre-tax profits almost 14 per cent to £138.8m for the half year to September 30.



Antony Pilkington - no weakening of market demand.

The results were at the lower end of analysts' forecasts and the share price fell 14p to 183 1/2p. Mr Antony Pilkington, chairman, declared an excellent result for the group. He said there was no evidence of any weakening of market demand for major products and a continuing growth in profits was indicated.

Pilkington's flat and safety glass business worldwide was the chief engine behind a 24 per cent rise in operating profit to £158m (£127.9m). Overall, margins widened from 11.6 per cent to 13.1 per cent as a result of price increases and productivity improvements.

Without the impact of the 1987 share issue and discounting the 15 months period for Flacglas and Sola, earnings per share would have improved by about 20 per cent.

Tunstall £6.5m write-off

By Fiona Thompson
TUNSTALL GROUP, a Yorkshire security equipment company, yesterday wrote off its £6.5m investment in Sound Diffusion, following that company's decision earlier this week to call in the receiver.

Tunstall has held its 4.96 per cent stake in SD since October 1987 and has made a number of merger approaches, all of which were rebuffed. Mr Michael Dawson, Tunstall chairman, said Sound Diffusion was "a good business that has been extremely badly run. The present situation may well have been avoided if we had had the opportunity to be involved earlier."

But Tunstall will be contacting the receivers about purchasing SD, following the receiver's declaration yesterday that the shares of SD have no value and the business is to be offered for sale.

The £6.73m extraordinary debit was made up of the £6.5m SD write-off plus £200,000 relating to a clean-up exercise throughout the group. This resulted in a £9.98m retained loss for the year. The tax charge was £1.55m (£2.44m).

Receivers close Sound Diffusion

By Philip Coggan
Mr Christopher Morris and Mr Tony Houghton, the Touche Ross receivers appointed at Sound Diffusion, electrical equipment leasing company, concluded yesterday that the main activities of the group should cease.

The shares were trading at 2 1/2p, giving the group a market capitalisation of £21m, when they were suspended on Monday. The receivers also announced that, on present information, the publicly quoted shares of Sound Diffusion have no value. In other words, ordinary shareholders in the group have lost all their money.

That means that 850 workers, based mainly at the group's headquarters in Horw, will immediately be made redundant.

BMP more than doubles to £5.05m

By Philip Rawstone
BOASE MASSIMO Politt, the advertising and marketing services group, which merged last June with the Davidson Pearce advertising agency, announced interim pre-tax profits more than doubled from £2.41m to £5.05m.

With the inclusion of Davidson Pearce's results from mid-July, and a fall contribution from Ammirati & Paris, the New York agency acquired last year, turnover for the six months ended September 30 showed a more than two-fold increase to £185.6m (£68.31m). Earnings per share increased by 88 per cent to 11.45p (6.3p) - a rate of growth that should not be seen as indicative of the full year's outcome, said Mr Martin Boase, BMP chairman. An interim dividend of 2.75p (2.25p) will be paid.

The balance sheet includes an extraordinary item of £1.18m (nil), primarily relating to the costs of the merger. Benefits from the integration of Davidson Pearce into BMP, which had lifted the merged agency into fifth place in the UK rankings, were beginning to come through, claimed Mr Boase.

BMP's UK marketing services have been consolidated into one division under the chairmanship of Mr Richard Morris-Adams, and are already experiencing positive effects, he said. Priorities now were to maximise the group's potential and develop future sources of income by establishing a presence in Europe, he said.

Some City analysts downgraded their full year forecasts, from £11.8 to £11.5m, suggesting that BMP has not yet overcome all the problems of the merger with Davidson Pearce and that Ammirati & Paris may suffer from cuts in advertising spending in the US. But BMP, with a revised prospective p/e of 8.7 in line with the agency sector generally, is emerging in reasonable shape from an eventful six months. Advertising accounts worth £30m, notably Fiat's £13.8m, were lost because of client conflicts in the merger with Davidson Pearce. But some £23m has already been recovered in new business. The group's creative reputation remains high, and it took three of the four main prizes at the IFA Advertising Effectiveness Awards last month.

However, one of the main aims of the merger, a move into Europe, seems to be proving difficult to achieve. In the US, Ammirati & Paris is encountering more difficult trading conditions than expected. One of its major clients, IBM, is among several big advertisers trimming their US spending budgets. But Ammirati is picking up new business - some £40m in the first nine months of the year, much of which has yet to come on stream.

Restructure costs Berisford £35m

By Clare Pearson
FULL-YEAR results of S&W Berisford, diversified food, soft commodities and financial services company, showed a 16 per cent advance in pre-tax profits to £101.6m but there was a £35.2m extraordinary charge for sweeping restructurings.

Turnover was £2.65bn (£3.06bn). The tax charge rose from 26 to 30 per cent. Minority interests took £2.8m (£2.4m). Earnings per share came out at 35.6p (32.7p). The final dividend is lifted to 11p (10p), making 15.5p (14p) for the year.

Mr Henry Lewis, deputy chairman, said the year had seen Berisford virtually "clear the decks" of interests it now regarded as peripheral to the four core operating divisions. He said the company was ready to embark on significant acquisitions and major new projects. One move Berisford revealed it was considering was the construction of a straw pulp mill in East Anglia, the first such project in the UK. It has applied to the EC for grant aid for a feasibility study and is in discussions with potential partners. It has also reached agreement with Yorkshire Electricity Board to build a power station.

Earlier this week it announced it was negotiating two moves to enhance its presence in the US food industry. It is hoping to take a 47 per cent stake in Amalgamated Sugar, the ninth largest sugar refiner, and is also involved in a hostile offer for Universal Foods, a yeast and flavouring concern, through a half-owned financial vehicle. By division, property provided £27.1m (£21.8m), owing much of the improvement to one big disposal in the City. It has regained 100 per cent ownership of Midland Montagu House, another City investment, which it had earlier partially floated. Food interests, incorporated into Bristar Group, made £58.5m (£42.3m). Within this, the dominant constituent, British Sugar, achieved £32.2m (£27.1m). City Meat Wholesalers was sold. Financial services, which incorporates insurance, leasing and development capital as well as securities, fell to £5.6m (£27.4m), mainly reflecting the reduction of Berisford's hold-

As foreshadowed earlier in the year, profits at Hunter Saphir, food production and marketing group 20 per cent-owned by S&W Berisford, were adversely affected by the restructuring of its fruit operation. This, combined with the balance of group earnings moving further towards the second half, resulted in a 14 per cent decline to £2.1m at the pre-tax level in the 28 weeks to September 10. Turnover was virtually static at £31.49m (£31.28m). Earnings worked though at 4.4p (5.35p). The interim dividend is maintained at 1.35p.

RICHARDS, manufacturer of textile yarns and tufted carpets, almost doubled its pre-tax profits in the year to September 30. On turnover increased 28 per cent to £55.54m, the taxable result was £2.51m, against £1.2m last time.

After a tax charge more than doubled to £87,000 (£36,000), earnings per 10p share rose sharply to 12.55p (7.97p). The directors have recommended raising the final dividend to 2.8p (1.9p) to make a total of 3.5p (2.9p) for the year. Richards has agreed to acquire Spence Bryan, a manufacturer and supplier of carpets, carpet yarns, linen goods and handkerchiefs. SB achieved pre-tax profits of £1.4m for the year to April 2

Richards in acquisition as profits almost double

1988 and net assets at that date were £10.5m. The consideration is the issue of 6.31m ordinary Richards shares. In addition Richards has proposed a rights issue of one new share for every four held, at 110p apiece. The rights is intended to raise about £3.6m after expenses to reduce the enlarged group's borrowings.

The company said that in the year under review Kingsmead Carpets had made a substantial contribution to Richards profits. The spinning activities had a mixed year. The carpet yarn division produced excellent results and furnishing yarns had made progress, but knitwear yarn had suffered from the fashion swing away from knitwear.

Setback for Walter Alexander

A 19 per cent decline in interim profits was recorded by Walter Alexander, the Scottish industry group, in a less profitable period of transition as it reverted to producing traditional products - single and double-deck bus bodies. However, the order book was at £25m and margins were improving.

Property boost for Jack Israel

Including other income of £140,000, which arose from the disposal of a freehold property, profits of the Jack I. Israel Group, USM-quoted fruit and vegetable importer, rose from £617,000 to £867,000 pre-tax in the half year ended September 30.

Turnover fell to £29.94m (£33.73m) as a result of rationalisation which shifted the group's business further towards higher margin areas of operation. Tax accounted for £303,000 (£205,000) and left earnings at 0.67p (0.5p).

As a token of their confidence for the remainder of the year the directors are paying a maiden interim dividend of 0.25p.

Vinten up 21% at six months

Vinten Group, avionics, broadcast equipment, electro-optical components and instrumentation group, reported pre-tax profits up 21 per cent from £1.2m to £1.45m in the six months to September 30 1988. Turnover in the period grew 19.9 per cent to £17m (£14.5m) producing a trading profit of £1.71m (£1.41m). Earnings were up 18.9 per cent to 4.4p (3.7p). Mr Ron Marler, chairman, said sales and profits in the broadcast division were up and the military division had recorded a satisfactory first half. In the technology division the amalgamation of Vinten Instruments and Trivector would proceed, but the new business would be smaller than envisaged and no profit was expected in the current year.

The electro-optics division was looking healthier than twelve months ago and would contribute to this year's group profit, he said. An improved interim dividend of 1.45p (1.25p) is declared.

EVANS OF LEEDS PLC Property Investment Group

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30th SEPTEMBER 1988

Table with 2 columns: 6 months to and 6 months. Rows include Total Revenue, Profit on Ordinary Activities, Profit attributable to shareholders, Earnings per share, and Interim Dividend.

The increased dividend will be paid on 8th January, 1989 to all shareholders on the register on 16th December, 1988 and will absorb C705,200. Our development programme is proceeding in an excellent manner and a facility of £50m has been agreed with our Bankers on most satisfactory terms so as to ensure a sustained smooth progress.

I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO

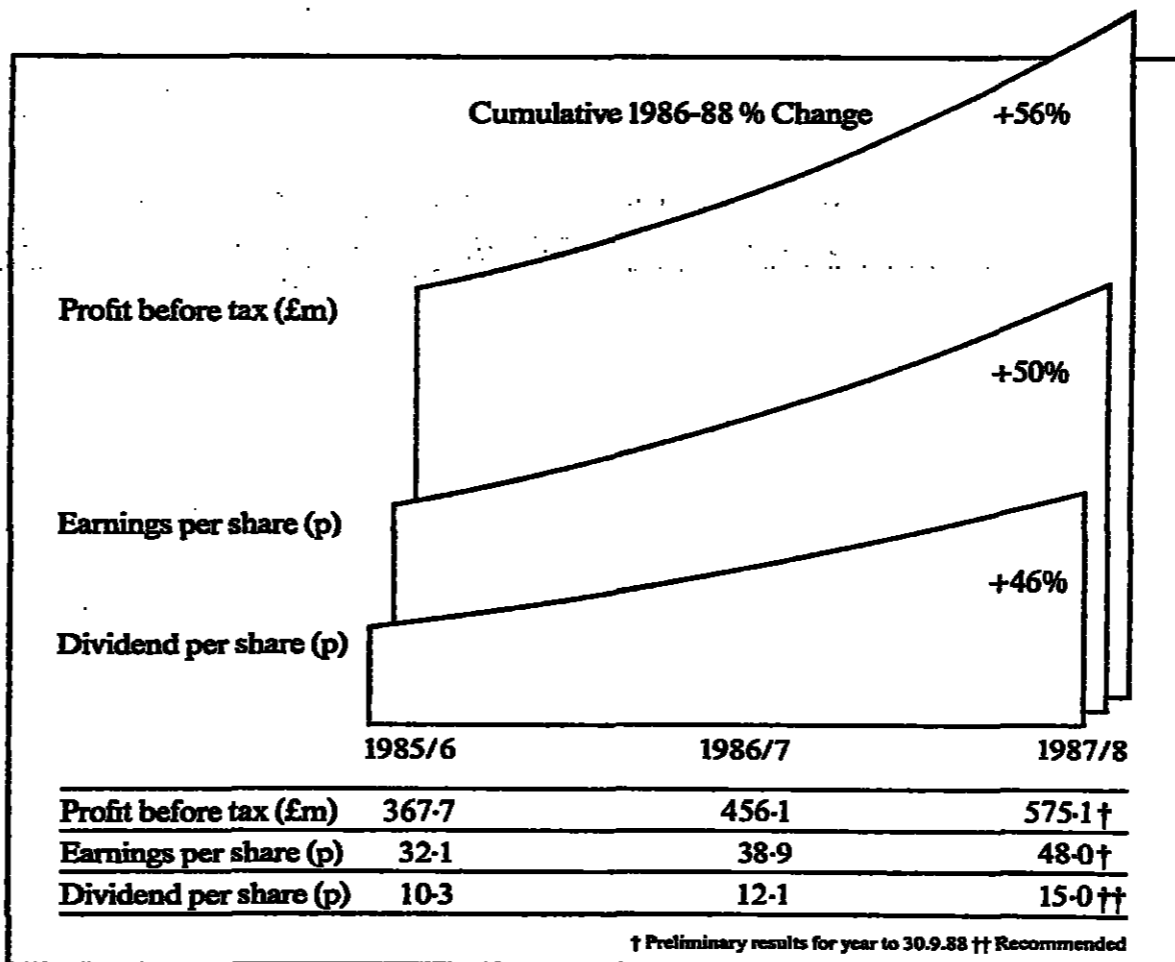
Advertisement for GPA GROUP LIMITED featuring 'US\$1,500,000,000 MULTI-OPTION CORPORATE DEBT FACILITY'. Lists underwritten by various banks and provided by several agencies. Includes contact information and dates.

Weekly net asset value Tokyo Pacific Holdings (Seaboard) NV on 05.12.88 was US\$ 176.49 Listed on the Amsterdam Stock Exchange Information: Pierson, Halding & Pierson NM.

COMPAGNE GENERALE DES ETABLISSEMENTS MICHELIN Michelin et Cie FF. 1,000,000,000 9% convertible notes due 1998 NOTICE TO NOTEHOLDERS

DIAMOND CAPITAL LTD 80, Broad Street, Monrovia, Liberia Notice to Shareholders The Board of Directors has decided to proceed with a new distribution of US dollar 500 par shares, representing a return of capital.

# Added value.



Yet another record year with profits growing 26%. Over the two year period since September 30th 1986 earnings per share increased by 50% and dividends per share by 46%. In the same period cumulative profits growth reached 56%.

Recent strategic and operational realignments have strongly positioned Grand Metropolitan to become one of the world's leading food, drinks and retailing companies.

Development will be balanced between Western Europe, North America and Japan/Far East based on strong brands, a first class property portfolio, robust cash generation and in-depth management excellence.

This powerful combination and clear strategy will continue adding value to Grand Metropolitan throughout the 1990s.

## GRAND METROPOLITAN

....adding value



## UK COMPANY NEWS

## FKI Babcock vaults to £50.7m

By David Waller

FKI BABCOCK, the electrical and engineering group formed in the summer of 1987 when FKI Electricals bought the much larger Babcock International, yesterday reported a rise in interim pre-tax profits from £13.3m to £30.7m, more than the £48m total for the whole of 1987.

Reflecting the benefits of the process of rationalisation at Babcock — completed at the end of March this year — earnings per share for the six months to the end of September surged by 68 per cent to 8.98p and operating margins rose from 5.5 to 7.9 per cent on turnover more than trebled at £67.15m.

The interim dividend was increased by 67 per cent to 1p. Although the results were

ahead of most City estimates, which were in the £45m-£48m bracket, FKI's shares did not buck the market trend and ended the day 6p lower at 122p.

Mr Tony Gartland, chief executive, said yesterday that the outlook for the energy and contracting side of the business was bright. He said that the chances of winning a £400m contract to cut sulphur pollution at Yorkshire's Drax power station were high.

But he conceded that high interest rates made it very difficult to make large earnings-enhancing acquisitions, although the balance sheet was strong with gearing of just 10 per cent. Issuing shares was out of the question, he said, given a poor market rating and an overhang of stock following

the 1987 rights issue, which ended up in the hands of underwriters.

Mr Gartland has constantly maintained that FKI would be capable of generating annual growth in earnings of 25 per cent; of which 10 per cent would come from organic growth and the balance from acquisitions.

## ● COMMENT

Yesterday's figures did little to alter the fundamental division of opinion on FKI Babcock. The bulls side with Mr Gartland in believing that the company is radically undervalued. They point out that FKI has the best five-year earnings record of any Footsie stock apart from Amstrad and yet has one of the lowest ratings.

The bears argue that rapid earnings growth, as seen in yesterday's figures, is a thing of the past now that Babcock has been fully rationalised. As a small company FKI would have acquired its way out of its impasse with highly rated paper: now, even if FKI stumbles on a target company big enough to have any impact on the enlarged group's earnings, it will be hard to buy it with either paper or cash given an abysmal rating and high interest rates. The shares reflect the bear position: if the company makes £110m in the full year followed by £132m in 1989, they are on multiples of 6.3 and 5.8 per cent respectively. The shares are unlikely to go much lower and should outperform in a lousy equity market.

## Osborne up to £0.97m despite flat shop sales

By Alice Rawsthorn

OSBORNE & LITTLE, which makes the wallpapers and furnishing fabrics beloved of Sloane Rangers, saw pre-tax profits rise by 15 per cent from £943,000 to £967,000 in the first half of the year despite sluggish sales in London.

Sir Peter Osborne, chairman and managing director, attributed the full performance in London to increased competition. Nevertheless, he said, the growth of overseas sales, especially in the US, had compensated for the weakness of the London market.

In the six months to September 30, turnover rose to £3,72m (25.17m) and operating profits to £949,000 (£861,000). The cost of moving from the USM to the main market is expressed as an extraordinary item of £49,000. Earnings per share rose to 8.83p (7.8p). The board proposes an interim dividend of 2p (1.7p).

Osborne boosted trade sales in the UK by 11 per cent, partly due to increased investment in marketing. Sir Peter said the London market was flat, but business had been buoyant in other cities.

The company experienced lacklustre sales in its shops. It has decided to close its Conduit Street showroom in London, to concentrate on its recently expanded King's Road showroom.

Osborne continued to expand overseas. Its sales in the US increased by 60 per cent in the first half. The recently established showroom in New York is now trading profitably.

The company's sales to other countries mustered modest growth of 3 per cent, due to the disruption caused by the introduction of new distribution arrangements in Europe.

Osborne has opened an office in West Germany — to take control of its sales — and intends to open an office in France. It plans to have established a distribution network across Europe before 1992.

Sir Peter expressed his confidence for the full year but was cautious about the impact of increased interest rates on sales in the UK.

## Illingworth Morris edges up 5% to £4.5m at halfway stage

By Alice Rawsthorn

ILLINGWORTH MORRIS, the Yorkshire wool textile group which recently terminated takeover talks with Allied Textiles, yesterday announced a 5 per cent increase in pre-tax profits to £4.5m for the first half of the year.

Mr Alan Lewis, chairman and controlling shareholder, said Illingworth had failed to reach agreement with Allied and plans for a management buy-out had been shelved because of the increase in interest rates. He stressed that he had no intention of selling his stake in the foreseeable future.

"Illingworth Morris is not for sale," he said.

When Mr Lewis took control five years ago Illingworth was on the brink of collapse. After radical cost-cutting and reorganisation it was restored to profitability and is now one of the most powerful forces in wool textiles. It also has interests in specialist chemicals.

In the six months to September 30 the group's sales rose to

£47.7m (£46.7m) and operating profits to £3.9m (£3.8m). Earnings per share increased to 7.2p (6.8p).

The directors have proposed an unchanged interim dividend of 1.5p.

The only disappointing area of activity, said Mr Lewis, was Crombie which suffered from quality control problems at the Strood clothing company, which Illingworth is closing. In August it acquired Benjamin Simon, which also manufactures for Gieves & Hawkes and Christian Dior. Once the changes have been completed Mr Lewis expected Crombie to move into profit.

All the other textile interests fared well. The joint top-making venture with Asahi of Japan traded profitably in the first half.

Mr Lewis was cautious, however, about the prospects for Illingworth's mass market textile interests — contributing about 12 per cent of sales — in the New Year. "It is time to batten down the hatches," he

said.

## ● COMMENT

The days when Illingworth Morris could impress the City with its tale of recovery from the ravages of the early 1980s are long gone. The shares are scored on speculation that Mr Lewis planned to sell his stake and slumped when discussions with Allied and the then management team, collapsed. Illingworth has been left to tell the less entertaining tale of its new status as a defensive stock. The group has retreated into the sound, speciality markets where it should easily be able to withstand a downturn in demand. The only problem is that its markets are mature and the prospects for profits growth are, at best, pedestrian. The City expects profits of £10.5m or so this year. Mr Lewis talks about acquisitions, but has so far failed to deliver. The shares, down 5p to 162p yesterday, will languish on a prospective p/e of 9, until he does so.

## N America helps Scapa to 11% growth

By Andrew Hill

SCAPA GROUP, the manufacturer of specialist products for the paper and printing industries, showed an 11 per cent increase in pre-tax profits to £18.1m in the six months to September 30, against £16.3m last time.

Adverse exchange rates, which also reduced margins on exports, cut some £1.1m from overseas operating profits on translation.

Group turnover, 38 per cent of which is generated in the US, increased to £126m (£118m) and earnings per share rose from 11.1p to 12.5p. The interim dividend is 2.54p (2.26p).

Scapa's core operations are the supply to the paper industry of engineered fabrics — which ensure the smooth running of paper and board

machines and account for about two-thirds of operating profit — and rubber and polyurethane coverings for paper rolls.

Mr Bill Goodall, chairman, said papermaking in North America was booming. Scapa's operating profits there advanced 19 per cent to £11.8m (£9.8m), or over 30 per cent before translation.

By division, engineered fabrics made operating profits of £13.9m (£12.7m), engineered rolls increased to £2.8m (£1.6m), industrial materials rose from £4.3m to £4.7m, while other and discontinued businesses lost £500,000 against a profit of £100,000.

In the UK, operating profits rose from £4.96m to £5.61m, while in other countries profits

were slightly lower at £3.53m (£3.53m).

Scapa has disposed of peripheral businesses to concentrate on paper-related and industrial materials interests. Mr Goodall said there were still a few disposals to make and they would be followed by acquisitions to develop market share in core activities. Scapa was keen to expand its filtration business in the US, and its adhesive operation in the US and Europe.

## ● COMMENT

Scapa's core business is undoubtedly high-calibre and its products all but essential for the paper industry. Villforth, the West German maker of wires and fabric bought a year ago, lost money in the

first half, but elsewhere Scapa's reputation is such that the group is raising prices by something of the order of 5 or 6 per cent without quality-conscious papermakers complaining. However, two factors are likely to hold back the shares, which dropped 5p to 252p yesterday. One is the perception that the papermaking industry, though currently enjoying a boom, is traditionally cyclical and that demand could eventually slacken. The other is the adverse exchange rate which is affecting export margins and profits from the booming North American market, when translated into sterling. Pre-tax profits of £38.5m for the full year would put the shares on a prospective p/e of 9, fairly valued.

## York Trust closes loss-maker

By Andrew Hill

YORK TRUST, USM-quoted financial services group, has closed its loss-making personal financial planning operation and restructured its financial futures side following a 37 per cent fall in interim profits.

Pre-tax profits fell from £3.25m to £3.04m in the six months to September 30 with earnings per share down from 4.2p to 2.7p. Earnings exclu-

ding discontinued operations were 4.5p. An interim dividend of 1p (0.45p) was declared.

The Richards Longstaff personal finance business lost £1.53m in the first half. The operation has now been closed and the subsidiary's pension and trustee business merged with other parts of the group. Closure costs of £961,000 were taken as an extraordinary loss.

Group income rose from £3.33m to £3.63m, including a profit of about £1.1m on the sale of York's 8.5m shares in CSL Corporation, the property company.

Mr Neil Balfour, the former Euro-MP who is York's chairman, said the closures and restructuring would mean all subsidiaries trading profitably in the second half.

## Venture Plant

Venture Plant Group, a plant hire company, has announced the details of its placing on the Unlisted Securities Market. Around 5.25m shares, 41 per cent of the equity, is being placed by Laurence Prust, at 56p each, giving the shares a £2.94m market capitalisation.

The company made pre-tax profits of £568,000 in the year to September 30. The shares are being placed on a historic p/e of 11.5 and a notional gross dividend yield of 4.6 per cent.



"The merger has produced the promised improvements in profitability."

King, Chairman

INTERIM RESULTS	26 weeks to	26 weeks to	% Increase
	30 September 1988	2 October 1987	
	£000's	£000's	
Turnover	671,158	203,393	230
Profit before tax	50,702	13,299	281
Earnings per share	8.98p	5.33p	68
Interim dividend per share	1.0p	0.6p	67

- All operating groups performed ahead of budget.
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Speyhawk

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1988 Final Results

Profits up 72% to £17.323m

Earnings up 60% to 44.9p

Assets up 64% to 398p

Speyhawk's chairman, Trevor Osborne, commented: "This has been a highly successful year in which Speyhawk has made record advances in profits, assets and the size of its future development programme."

# One month in the year of corporate finance at Kleinwort Benson

November 1988

## BEJAM

We are advising Bejam in its defence against the unwelcome offer from Iceland Frozen Foods, valued at £253m on announcement.

## BOOTS

We announced a recommended £41m offer for Underwoods on behalf of Boots.

## HAMMERSON

We are advising Hammerson in its defence against the unwelcome £1.3bn offer from Rodamco.

## PILLSBURY

We are advising Pillsbury in its defence against the unwelcome US\$5.3bn offer from Grand Metropolitan.

## PORTMEIRION POTTERIES

We raised £4.3m for Portmeirion Potteries in a flotation capitalising the company at £17m.

## RAGLAN PROPERTY TRUST

We raised £5m for Raglan Property Trust and provided advice on its £5m acquisition of retail properties from the LAS Investment Trust.

## ROCKWARE

We advised Rockware in its £45m acquisition of Presspart Manufacturing and Decorpart and raised £15m through an issue of convertible preference shares.

## SCOTTISH & NEWCASTLE

We advised Scottish & Newcastle in its defence against the unwelcome £1.6bn offer from Elders IXL, which has now been referred to the MMC.

## STAVELEY CHEMICALS

We advised the shareholders of Staveley Chemicals, British Steel, Coal Products and Norsk Hydro, in the sale of the company to RIZ Chemicals for £29m.

## TELEPHONE RENTALS

We advised Telephone Rentals in its defence against the offer from Cable & Wireless. The ultimately successful increased offer, which valued Telephone Rentals at £320m, represented an exit multiple of 19.5 times forecast earnings.

## TESCO

We acted as lead manager for a £100m long-dated fixed rate sterling eurobond on behalf of Tesco.

## TIP EUROPE

We advised TIP Europe in its £11m acquisition of the Netherlands and Belgium based Cetem/ITR Group and raised £10m through an issue of ordinary shares.

## UNITECH

We are advising Unitech in its US\$327m offer for Veco in the USA. Kleinwort Benson Inc is acting as dealer manager for the US tender offer.

## WELLMAN

We advised Wellman in the US\$6m sale of its US business Wellman Thermal Systems Corp and the related UK business Wellman Automotive Products to the US management.

and we continue to advise HM Government on the privatisation of the Electricity Supply Industry in England and Wales and the privatisation of Short Brothers in Northern Ireland, and Abbey National on its proposed conversion to plc status.

## The Kleinwort Benson Group

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# FINANCIAL TIMES SURVEY



The Scottish National Party's stunning victory in the Govan by-election has highlighted a

growing resentment at the north-south divide and unleashed a fierce debate over Scotland's constitutional future. James Buxton, Scottish correspondent, reports.

## Union versus independence

A STUNNING by-election victory by the Scottish National Party last month has once more thrust the question of Scotland's future into the limelight. A senior Conservative politician, Mr Leon Brittan, has said publicly that Westminster would have to grant Scotland independence if the Scots showed consistent and sustained support for it. The Queen has let her anxieties be known about a new wave of Scottish separatism. The virtues of independence versus the union (with England), and the middle road of devolution, are once again being fiercely debated north of the Border.

By-election successes by the SNP in the 1960s and 1970s had an electrifying effect in triggering an upsurge of support for the party whose goal is independence for Scotland. Mr Jim Sillars, the new SNP MP for Govan who turned a Labour majority of 19,500 into one for the SNP of 3,500, is a skilful and charismatic figure. The first sign that history may be repeating itself came this week when a System Three opinion poll put support for the SNP at 30 per cent - a similar level to that which the party achieved in the 1970s. It was in second place after Labour at 39

per cent and ahead of the Conservatives with 21 per cent. Mr Sillars's success at Govan probably owed much to the electorate's perception of him as a greatly superior candidate to his Labour rival, as well as to the highly energetic targeting of the seat by SNP enthusiasts. But he succeeded in exploiting the grumbling dissatisfaction of Labour voters at their 50 Scottish MPs' predictable failure to protect Scotland against the Conservative government with its huge Westminster majority.

The Scots' dislike of the Conservative Government is not hard to fathom. The past nine years of Conservative rule have been a traumatic time for Scotland, as the country's economy has been wrenched painfully from a dependence on declining heavy industries to one based more on service industries and advanced technology. The Conservatives' ruthless attitude to unemployment was never likely to win friends in Scotland. Scots seem to have a stronger sense of collective responsibility - some might call it corporatism - than people in the south of England.

On top of that there is remarkably strong animosity towards Mrs Margaret

Thatcher, the Prime Minister, seen as the kind of bossy Englishwoman Scots most dislike, and there is anger that a government which was able to muster only ten MPs after the 1987 general election should, far from diluting Thatcherism for the Scots, actually step up the dose.

The perennial sense of frustrated Scottish nationhood currently ensures that everything bad associated with England is automatically blamed on the Tories. But Scotland is in a mood of smouldering resentment rather than pre-revolutionary fervour. In fact it is doing relatively well at the moment. The economy, which after years of big industrial closures was hit savagely by the collapse of the oil price, may at last be growing as fast as that of the rest of the UK. Unemployment, though still far too high both at the average level of 10.9 per cent and in an alarming number of dire blackspots, is falling. Scotland's biggest and most vital city, Glasgow, is riding on the crest of a wave of self-confidence in the wake of its superbly organised Garden Festival.

Scots could take pride in the fact that an increasing number of English people are so impressed by the quality of life in Scotland's major cities and in the countryside that they are moving up to Scotland in unprecedented numbers, bringing fragments of the southern England house price boom with them. Yet the malaise continues.

# SCOTLAND



The skilful, charismatic figure who has relaunched Scotland's constitutional debate: Jim Sillars MP, Scottish National Party victor in the recent Govan by-election

Many Scots feel uncomfortable about an economy whose manufacturing base is now so slender - though no more so than that of the UK as a whole. The idea that some of the country's greatest economic potential may lie in promoting its cultural heritage and its virtually untouched countryside for tourism and leisure does not strike much of a chord in the industrial towns of the Central Belt.

There is resentment at the unfairness of Britain's north-south divide, fears about Scotland's peripheral location on the fringe of Europe, and alarm at the increasing centralisation of Britain. The proposed takeover of Scottish & Newcastle Breweries by the Australian company Elders IXL (now under study by the Monopolies and Mergers Commission) produced an unusually cohesive

response by leading Scottish representative organisations because it was seen as a taking a stage further the erosion of Scotland's corporate base, and as a grave threat to the quality of managerial and professional jobs on offer to people in cities like Edinburgh and Glasgow. The Conservative government is highly vulnerable to the newly fashionable accusation of "Englising" Scotland. It is engaged in an endeavour

tainly mean the Government facing more strident attacks on its policies for Scotland in the House of Commons. Whether an SNP handwagon gets going depends partly on what opportunities come the party's way; no other by-elections are in the offing, no general election is expected for about three years and next summer's European elections probably present the SNP with too broad a target; and unlike in the 1970s there are no Royal Commissions on government in Scotland to provide a focus for the Nationalists.

But Mr Sillars seems to have polarised the debate on Scotland's future. In the past few months he has spearheaded a campaign to swing the SNP behind a policy of seeking to make Scotland an independent state that would be a full member of the European Community in the post-1992 single market. Although it is far from clear how Scotland would actually achieve that status the idea has its attractions: it means that the SNP is no longer exposed to the accusation of being a separatist party leading Scotland into a kind of Albanian isolation.

But only 16 per cent of those who voted in the Govan by-election told an exit opinion poll that they wanted an independent Scotland - when it was spelt out to them as meaning that Scotland would be a separate country. (A Scotland-wide opinion poll in September put support for an independent Scotland at 35 per cent, though the options were not so starkly spelt out). What the vast majority of Scots would like to see is the creation of a Scottish assembly using powers devolved to it by Westminster, though their enthusiasm declines somewhat when they are asked to support an assembly which might increase taxes. Less than a quarter support the constitutional status quo.

The issue will be highlighted in the next few months by a Constitutional Convention at which representatives of political parties (except the Conservatives) unions, churches and other bodies will meet to debate the reform of the system of government in Scotland. The calling of the convention is the culmination of a struggle by the Campaign for a Scottish Assembly, but how it will work has yet to be decided.

Yet the chances of Scotland getting a devolved assembly at the moment are slim. The Conservatives have set their face firmly against it, and though it is official Labour Party policy it is undermined by scepticism about Labour's chances of coming back to power at Westminster with a substantial majority.

The victory of Mr Sillars, who is a member of the socialist wing of the SNP, will cer-

Continued on page 3

### KEY FACTS

Population: 5.1m  
Unemployment: 10.9 per cent  
Manufacturing exports (£ 1987): £8,025m

EMPLOYMENT BY CATEGORY (MARCH 1988)		
	Scotland	GB(%)
Agriculture, forestry & fishing	1.4	1.4
Energy & water supply	2.2	2.2
Metal manufacture & chemicals	2.5	3.5
Metal goods, engineering & vehicles	9.2	10.3
Other manufacture	9.0	9.5
Construction	7.6	4.6
Wholesale distribution, hotels & catering	10.7	10.7
Retail distribution	9.9	9.8
Transport & communications	5.5	6.2
Banking, insurance & finance	8.8	11.2
Public administration & defence	9.8	9.3
Education, health and other services	23.5	21.3

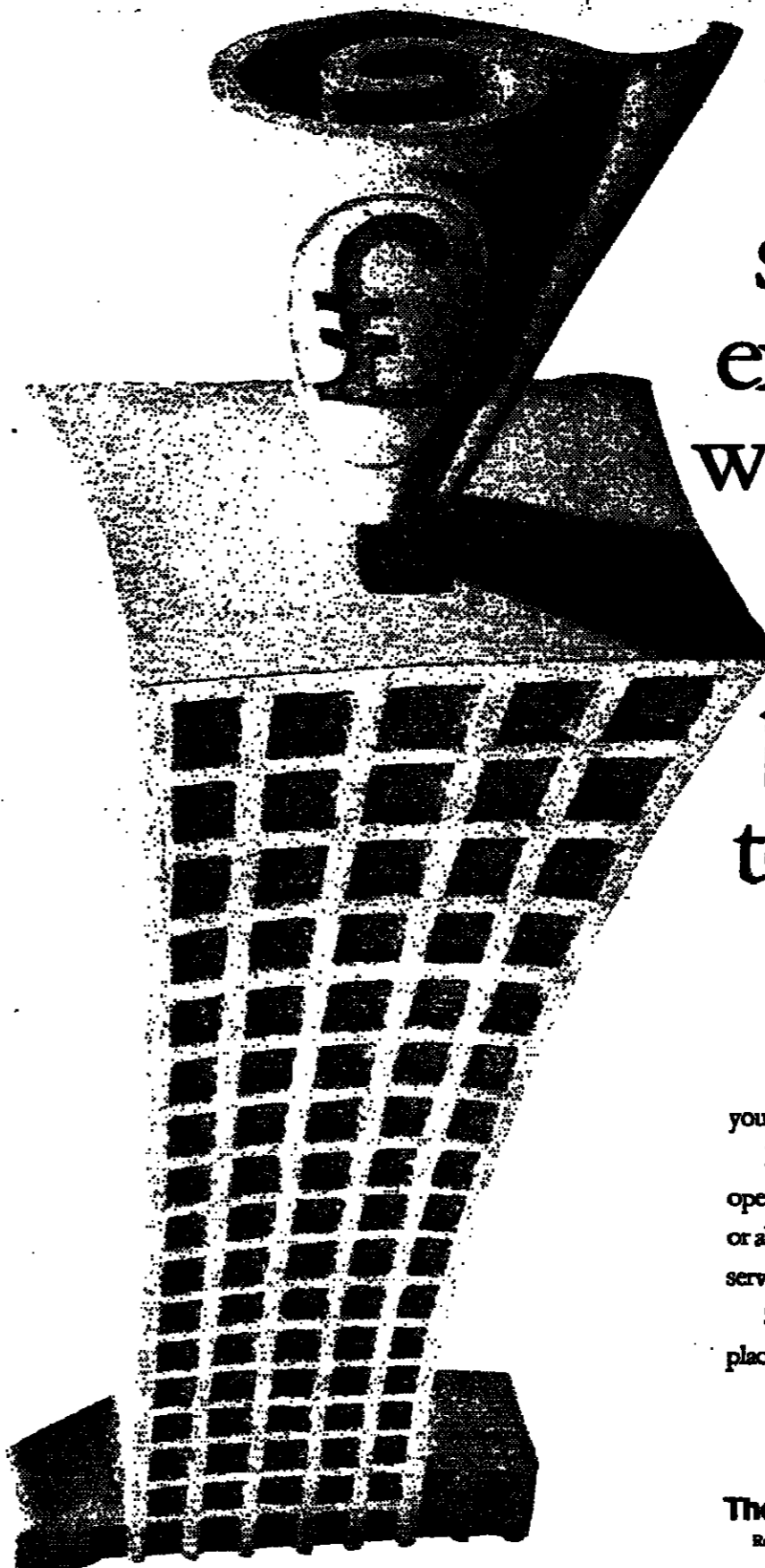
### CONTENTS

- Economy: a recovery not a boom
- Profile: East Kilbride new town corporation contemplates a private sector future 2
- The Highlands: a landscape on the political agenda
- Education: Government pushes ahead with parent power 3
- Tourism: removing the constraints to attracting more visitors
- Transport: deep dissatisfaction over air and road links 4

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SCOTLAND 2

The economy: what is happening in Scotland qualifies as ...

A recovery not a boom

THE SCOTTISH economy is looking reasonably healthy. It is enjoying nothing comparable with the boom in the south-east of England, but there are significant patches of expansion and prosperity. It may now be that, after a long period of under-performance in the 1980s, the Scottish economy is growing at least as fast as that of the United Kingdom as a whole.

The latest surveys show that business people in Scotland are still optimistic about their immediate prospects, despite the onset of high interest rates and revived inflation. Unemployment is continuing to fall. By far the most bullish place in Scotland today is Glasgow where the highly successful Garden Festival during the summer set the seal on nearly a decade of revival of the city's appearance, its spirits and its business community.

But in the Edinburgh area development is still restrained by local authorities which at least until recently had little interest in economic development. Aberdeen, though a wealthy city compared with many in the UK, has not regained the buoyancy enjoyed at the height of the oil boom.

not a boom. The overall unemployment rate - seasonally adjusted - is still 10.9 per cent, the fourth highest among the regions of Britain. That figure conceals some appalling black spots: unemployment in Glasgow is still nearly 19 per cent and male unemployment is almost 25 per cent in some areas. While the city centre and some classy suburbs are doing well, in other parts of the city there is only a fragile recovery and some of the outer housing estates are ghettos of poverty and unemployment.

For the whole of the 1980s Scotland's rate of growth has been lower than that of the UK as a whole. When the UK economy improved strongly from 1986 onwards Scotland was hit by the collapse of oil prices, which cost several thousand jobs and caused more industrial closures. It was only from mid-1987 that it began to enjoy a sustained improvement.

Even then the upturn in the UK economy, with its accent on consumer spending, was not best adapted to the Scottish economy, whose manufacturers are oriented towards investment goods - such as engineering products and data processing equipment. Lately, however, capital spending has been on the increase. There is

a promising upturn in spending on offshore developments in the North Sea despite the weak oil price.

But the sharp rise in interest rates is certain to affect investment spending while the continued relatively high level of sterling means reduced opportunities for Scotland's predominantly export-oriented manufacturer. It would be sad if the UK's economic upturn, having reached Scotland late, were to

perennial fears about the future of the integrated steel complex at Ravenscraig, despite its impressive productivity and a commitment made by the company in December 1987 to continue steel making there for at least seven years, "subject to market conditions."

Manufacturing now accounts for only 20 per cent of employment in Scotland. Scotland's industrial output is still only marginally above where it stood in 1980: in several categories it is substantially lower and the overall figure is sustained almost entirely by the surge in output by the electronics industry. Scotland is a major producer of data processing equipment, microchips and electronic defence equipment, but the majority of the industry consists of branch plants owned by US and to a lesser extent Japanese companies and few carry out research and development in Scotland.

Significant indigenous industries are now in such fields as textiles, especially knitwear and woollen cloth, much of it now suffering from the problems affecting the rest of the UK textile industry; food and drink, with whisky companies recovering after a long recession; engineering, much smaller than it once was, but with important companies like Weir Group doing well; chemicals and paper.

The vast majority of the Scottish population now works in services: the financial sector, based mainly in Edinburgh and Glasgow, is doing reasonably well, and considerable investment is now going into tourism, perhaps one of Scotland's better long term hopes.

With many of the big employers having disappeared or slimmed in size - the biggest industrial site in Scotland is the Rosyth naval dockyard, now run by a private sector joint venture of B&K Babcock and Thorn EMI, with a workforce of about 6,000 - Scotland's business community is slenderer than in the past and based on smaller companies. The number of quoted Scottish companies has declined to only about 70, mainly as a result of takeovers, and up and coming companies are now often reluctant to go public, afraid of losing their independence. Professional advisers, from lawyers to public relations firms, are flourishing.

The composition of employment in Scotland - the breakdown between different sectors - is now almost identical with that of the UK as a whole. That suggests that the Scottish economy will have broadly the same strengths - and weaknesses - as that of the rest of Britain. But its development seems likely to lag behind some other regions: Scottish

entrepreneurs may be no less determined than those in other parts of Britain, but there are probably fewer of them and they may be less experienced and less confident than those in other parts of Britain, since the Scottish economy, with its very slightly declining population, throws up fewer opportunities than some other regions.

Now the Government is launching a new initiative, aimed at reducing unemployment, improving training at a time when the labour force is set to decline and improving enterprise creation. It plans to set up a new agency - possibly called Scottish Enterprise or Enterprise Scotland - which will merge the Scottish Development Agency with the Training Commission and work through a number of local outlets, presided over by businessmen.

The worrying question is whether Scotland is in fact struggling in vain on the periphery of both Britain and Europe against a tide of centralising forces radiating out from London and, increasingly, from the core of the European Community. The fight to stop Scottish & Newcastle Breweries being taken over by the Australian company Elders IXL symbolises the battle being waged to prevent Scotland becoming ever more a branch plant economy.

James Buxton



Electronics has sustained Scotland's manufacturing sector. Compaq's computer factory in Erskine

PROFILE: EAST KILBRIDE

Towards a private future

THE FUTURE of East Kilbride's new town development corporation and those of Scotland's other four new towns should become clear next spring. At issue is how the government proposes to dispose of the new towns' assets, how much of their debt it is prepared to write off, and the future role, if any, it plans to assign to the development corporations themselves.

Four options are thought to be under consideration. The assets of each could each be offered in their entirety to the highest bidder; they could be split up and sold off in bits to the highest bidder; they might be offered to the local community, with residents becoming shareholders in their own town; or each town might be the subject of a buy-out by the present development corporation management team, with support from Scottish investors and local authorities.

There is no question of their being handed over to local authorities. "We have to accept that the government is aiming for a transition to private control," stresses Mr George Young, managing director of the development corporation for East Kilbride, long regarded as Scotland's most successful new town.

He favours a management-led buy-out, with shares offered, perhaps two years later on the USM, and local people given a priority or discount. Such a solution would ensure the continuity of the onward programme of investment in East Kilbride, he believes.

East Kilbride is a focus for employment in northern Lanarkshire and last year achieved the largest influx of new employment opportunities in its 40-year history. A total of 59 new companies arrived, bringing 1,500 new jobs. There were also 25 expansions by existing companies.

IVC, the Japanese consumer electronics giant, announced 650 jobs at its proposed £37m manufacturing plant. The US electronics company, AVEEX, unveiled a £6m high technology project that should create 500 jobs over the next three years. Even more significant in employment terms will be the completion of the second phase of the Olympia Centre, a £26m development adding 30 new shops, an ice rink, a restaurant and a multi screen cinema complex to the town's existing amenities, generating more than 1,000 jobs.

Unemployment is 8.9 per cent, half the unemployment rate for Strathclyde and considerably less than half the rate for Glasgow. There is a nil vacancy rate in public sector houses in East Kilbride and a waiting list of 4,300 people wanting to move in, more than three times the average waiting list for any similar sized town in Scotland. Housing is 50 per cent privately-owned, and prices are 15 per cent above the average for the surrounding areas.

Over the past 40 years, East Kilbride has borrowed £110m from the Treasury, but has created assets with a replacement value of over £70m. The town has been in profit for 19 years and has paid £25m to the government in corporation tax. Its financial reserves stand at £87m.

Mr Young is anxious that the corporation's expertise and contacts should not be lost in the field of inward investment and international business generally. He recently suggested to the Scottish Office that the corporation could put its experience to good use in Castlemilk, one of Glasgow's notorious peripheral estates.

Support for the principle of an enlarged remit for Scotland's new town development corporations has already come from the influential think tank, the Adam Smith Institute. In its document, *The Best Laid Schemes*, (title courtesy of Robert Burns) published in October, it suggested that Scotland's large peripheral housing estates could and should be managed under contract by the nearest new town corporation.

Apart from urging a link-up between Castlemilk and East Kilbride, it suggested a tie-up between Easterhouse, also on Glasgow's outskirts, and Cumbernauld; between Wester Hailes, in Edinburgh, and Livingston; and between Glenrothes and Whitfield in Fife. The neighbourhood development corporations, as they might be called, would be largely staffed by the development corporations, who would manage housing and land, and seek to encourage industrial development.

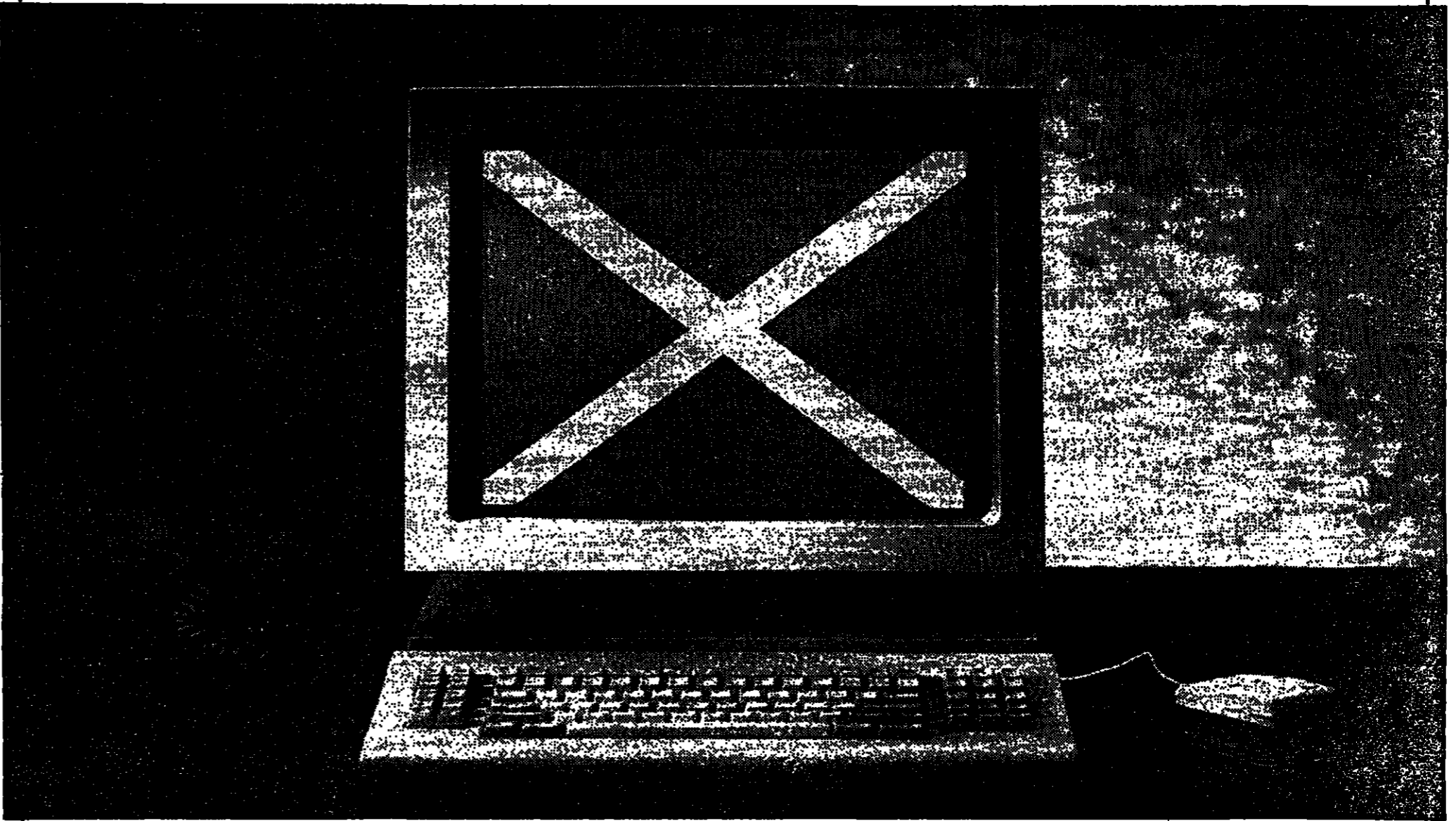
"If this experiment were successful, there would be no reason why it should not be extended to other peripheral estates," says Dr Madsen Pirie, president of the Adam Smith Institute.

Mr Young believes that the development corporation should be given an even wider commission. "I would like to see our team involved in the whole of north Lanarkshire, with a roving commission to cooperate with other areas, to help them generate employment with the sort of package that we have been able to offer in East Kilbride."

"We would work alongside the Scottish Development Agency and local authorities. Clearly if all East Kilbride's assets are disposed of we would have no revenue for such activities. We would depend on resources from elsewhere, possibly from the SDA. If we were allowed to retain some of our assets, we would have the resources necessary, possibly with a top up."

Alastair Guild

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**SCOTLAND 3**

The unique landscape of the Highlands is on the political agenda

**In search of rural balance**



The Highlands near Braemar: "sensible land use cannot be led by the property market"

SCOTLAND'S unique landscape, under greater pressure than ever before, is firmly on the political agenda. The key question, now sharply in focus, is: how to achieve a balance in the highlands and islands between conservation and employment generation?

The growth in the number of fish farms in lochs and inlets, the spread of large scale forestry on peatlands and hill-sides, pressures for more skiing developments on geological massifs and the country's increasing popularity among those from outside Scotland for second or retirement homes are just some of the demands which have served to intensify the debate.

On some specific issues, conservation and commerce have appeared further than ever apart. The Nature Conservancy Council (NCC) has come under fire in the Cairnness and Sutherland area for its designation of large tracts of what it considers to be a unique ecosystem as Sites of Special Scientific Interest (SSSIs) and what locals see as ideal country for large scale afforestation.

The NCC has also put its weight, and an SSSI designation, behind opposition to further development of the Cairn-gorm skiing area, much to the annoyance of some other Highland Regional Council. The NCC proposed three other areas where any growth in skiing could be accommodated, and where the scale of development would be more in tune with the interests of nature.

But conservationists and those responsible for attracting commercial development do

share some common ground. The Association for the Protection of Rural Scotland, the country's first national amenity body, founded in 1926, has, as one of its principal aims, the achieving of a balance between protecting the countryside, visually and ecologically, and the providing jobs for those who wish to earn their livelihood there.

This is possible as a conference organised last month by the Scottish Scenic Trust, an environmental group, made clear. Bringing together the Highlands and Islands Development Board, Highland Regional Council, Strathclyde Regional Council, the Countryside Commission for Scotland, the Nature Conservancy Council and the Scottish Scenic Trust, the conference established broad agreement, for example, on the need to encourage better standards of design in the Scottish countryside, be it for housing, caravan sites or fish farms. It suggested that the Scottish Scenic Trust should sponsor annual awards for developers of schemes which blend with the scenery.

The conference also urged that fish farming be brought under planning control. At present, the Crown Estate Commissioners, the body responsible for granting fish farm leases, are obliged only to consult interested parties.

It also heard calls for a national forestry strategy, with concern voiced, in particular, about the switch from planting by the Forestry Commission to the involvement of the private sector. Forestry was now taking place without any concessions to land use management because land in the highlands was so cheap. "There is no way forward for sensible land use management if it is led by the property market," one delegate commented.

An indicative forestry strategy was suggested as one way forward. Strathclyde has already developed its own ver-

sion in which sensitive areas have been mapped out and the extent, form, location and type of planting are weighed their use for other activities.

More powers to enforce an overall land use strategy for Scotland were called for. Commercial interests have, on occasion, got away with flouting the planning process. Mr Robert Cowan, chairman of the Highlands and Islands Development Board, said:

He urged the introduction of a new system of rural land use planning, including designation of sites of special development potential as well as areas

for conservation.

There has been concern at the proliferation of areas designated for their scenic quality or scientific interest, often with a disregard for the job prospects of local communities.

The need for better machinery for achieving a balance of land use interests in the wider countryside, not just to protect Sites of Special Scientific Interest (SSSIs) was how Dr John Francis, director of the Nature Conservancy Council put the case. Some 25 per cent of Highland Regional Council's landward area is now covered by conservation designations of

one sort or another. The Countryside Commission for Scotland has indicated a need to extend across Scotland the system of Environmentally Sensitive Areas, the scheme administered by the Department of Agriculture with grants to encourage closer integration of farm management with conservation. Scotland has five ESAs at present.

The CC is also planning to report to the government soon on the possibilities for a distinctively Scottish type of national park, to take into account the specific Scottish need to conserve remote upland areas. This is a concept which received the support in October of none other than Prince Charles, though the NCC believes that national nature reserves, of which Scotland has so many, and SSSIs are more appropriate.

The conference generally agreed there was insufficient co-ordination between the different government departments and agencies concerned with land use in Scotland. But there are signs of improvement. The Scottish Office has signalled its wish to see model plans for rural development being brought forward. Planners from the Scottish Development Department and Highland and Borders regions have worked on just such a plan, based on the Ullapool area, which is intended to show the opportunities ranging from light industry, tourism, fisheries, and crafts, to forestry and deer farming, which might be developed.

Alastair Gullid

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**EDUCATION** needs to be made more responsive to the aspirations of parents and to better reflect the demands of the country's economy, say Scottish Office ministers.

But current proposals, many of them similar to reforms already introduced in England and Wales, have prompted fears among the teaching profession that Scottish education might be losing its own distinctive identity.

The setting up of school boards, on which parents will be in a majority, and which will supervise each school, was recently approved by parliament. The Government is to legislate in the current parliamentary session to allow boards which are so inclined to take their schools out of local authority control and put them directly under the Scottish Office. These, plus the proposed introduction of testing at the ages of eight and twelve into primary schools, are the main issues at the core of the debate.

Mr Malcolm Rifkind, the Scottish Secretary, has drawn comfort from the success of pilot projects in Dumfries and

**EDUCATION**

**Politics of parent power**

parental majority on school boards.

"Our own idea of school boards was one of partnership, with 50 per cent of members drawn from among parents and 50 per cent from the staff and community representatives," says Mr Marcus. And this was the preferred approach of 80 per cent of Scottish parents, according to the Government's own consultation exercise, he pointed out.

The new boards will have the right, under the legislation, to be consulted over spending proposals drawn up by the headmaster. He will outline the budget for the coming session, and draw to their attention any item out of the ordinary. If

parents have any objections, they will be automatically passed to the local education authority for resolution. If the parent's are still not satisfied, the matter will be referred to the Scottish Secretary.

On the vexed issue of allowing schools to opt out of local authority control, they would be funded direct from central government - some members of the teaching profession have already voiced fears that it will create two tiers of school, one for children from well off, articulate, middle class families, another, more inferior system for the poorer, less articulate sections of society.

The Scottish Office has sought to reassure critics that self-governing schools will not be allowed to select pupils on the basis of ability but will have to accept all pupils applying, where there are places available. But it is being argued that opting out will distort educational provision in other ways, particularly as falling school rolls take greater hold. Strathclyde, for example, is expected to lose one third of its school population in the next ten years. It has already closed 31 primary, secondary and special schools.

The first of the Government's new city technology colleges in Scotland is due to be established at Allan Glen's school in Glasgow, under the sponsorship of Trust House Forte. Mr Rifkind describes the initiative as further evidence of the Government's commitment to giving Scottish parents a greater choice of schools for their children to attend.

Again, there have been suggestions that these colleges - to be known in Scotland as technology academies - will cream off the best pupils from surrounding schools.

Alastair Gullid

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**Independence**

Continued from page 1

ky. Devolution would in any case be a messy solution, raising awkward questions (especially for Labour) about the size of Scotland's continued representation at Westminster, alerting business people by the threat of higher taxation and raising the possibility of allowing Whitehall to take less notice of Scotland.

The choice should then boil down to independence versus the union, and senior Conservatives are now exhorting their party to make the case for the union as vigorously as they can. The tragedy for Scotland is that this energy-sapping debate about its future, raising nagging question marks in the minds of potential investors in the country, seems unlikely to be resolved in the near future.

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Tourism assets are excellent, but the industry's development needs to be taken more seriously

Removing the constraints to more visitors

Eighteen months ago the Scottish Development Agency and the Scottish Tourist Board, which had been studying tourism in the town for two and half years, invited the London-based L & R Leisure group to study Stirling. L & R drew up a plan and made two radical suggestions: to improve the attractions of the castle, it proposed...

taking over the running of it from the Government's Historic Buildings and Monuments, and to solve the problem of traffic congestion and add to Stirling's tourist appeal, it suggested running two funicular railways up the side of the castle rock to bring the visitors in and out.

Highlands, was furious. It claimed the Government was wasting 4 years and £1m worth of studies. It was doing nothing "to make leading tourism companies like ours feel that Scotland is a place in which to invest, and to provide vision and leadership."



Stirling Castle: thumbs down for funicular railways

impressive leisure facilities, ranging from winter sports to golf, with several holiday villages.

Scotland succeeds in attracting 1.4m foreign visitors a year, which although only about a tenth of all visitor numbers accounts for a quarter of tourist spending, because of the high spending of the Japanese, Americans, Germans and Italians.

Yet Lord Sanderson, the Scottish Office minister responsible for tourism, and officials of the Scottish Tourist Board and of the SDA, (the latter is now playing an increasingly important role in tourism), are constantly urging Scots to take the industry more seriously.

There are so many gaps to be filled: a lack of high-quality leisure facilities, a shortage of things to do, especially in the Highlands, when it rains; a failure to exploit much of Scotland's industrial heritage; too many castles trading on tenuous links with the over-sold Mary Queen of Scots and Bonnie Prince Charlie, while not providing adequate car parks, good refreshment facilities and proper toilets.

"We have almost too many historic buildings," Mr Alan Devereux, chairman of the Scottish Tourist Board said recently. "We could be better off with half as many, better presented."

Mr Tom Band, the STB's chief executive, has warned that the industry risks becoming complacent because of its recent growth, and could fail to adapt to meet changing tastes. He thought there was a problem of attitudes among politicians, including local politicians who did not think that tourist jobs were really serious or worthwhile. His colleague Dr Gordon Adams, the STB's director of projects, has complained of lack of flair in the presentation of many of Scotland's attractions.

Lord Sanderson, the minister, is trying to pull together Scotland's official tourist effort by setting up a high level co-ordinating group, which meets twice a year, on which the top men in bodies like the STB, the SDA, the British Tourist Board (responsible for much of the promotion of Scotland abroad) and the Highlands and Islands Development Board sit.

One of the issues it wants to tackle is the high cost of air fares between London and Scotland. Mr Band recently accused British Airways of charging more to fly tourists to Scotland than to foreign destinations, including Ireland. Lord Sanderson's Scottish Tourism Co-ordinating Group is looking this and at other constraints hindering tourism development.

But the Stirling Castle decision seems to contradict official efforts to make Scots take tourism more seriously. The issue seems unlikely to go away.

James Burton

TRANSPORT

Unhappiness over air and road links

GOOD TRANSPORT links are crucial to Scotland, which increasingly feels itself to be on the periphery of European Community. Yet existing air and road links are a source of deep dissatisfaction, and there are anxieties about how the Channel Tunnel will affect Scotland.

"Delays to air travel are a disincentive to inward investment," says Mr John Davidson, director of the CBI Scotland. "We suggested to BA that it put on an early bird flight from Glasgow leaving at 6.55. This would get a Heathrow slot before the Transatlantic rush. We said it would be well patronised, and it has been."

Air UK has started a 6.40 service to Gatwick. Businessmen can now be certain of reaching a 10 am meeting in London, or of making an onward connection. The CBI has estimated that it can cost an executive an additional £300 to travel outside Europe via London, just in hotel bills and time wasted.

Direct air services from Scotland to Europe are seen as another way of reducing

exports, buying £284m-worth in 1987.

Data processing components for assembly in Scotland are high up the list of imports. However, the rest of the UK is Scotland's single most important market, while England is the primary route for Scotland's exports into Europe, now accounting for 60 per cent of total exports.

There is no motorway connecting Scotland with the English motorway system, and of goods that leave Scotland by land, 85 per cent travel down the slow and over-crowded A74 trunk road, described by Mr Marwick as a classic non-tariff barrier to trade. It is estimated that every hour of delay on the road pushes Glasgow effectively another 60 or 70 miles away from the market. The government has given its commitment to upgrading the 60 miles of A74 to motorway standard, at an estimated cost of at least £200m, to join the M5 at Carlisle. The results of studies considering the best way of implementing the upgrading are expected soon.

The amount of lorry traffic on the A74 could be reduced were some freight to go by sea. There is concern at the absence of a deep sea port in Scotland. "We thought there might be potential there, given that Scotland is closest to North America," says Mr Davidson.

Containers arriving from North America could be put onto rail bound, for the Continent. "But a study concluded that the cost of carrying containers over land is so much more than by sea. It was, in effect, cheaper to sail direct to Bremenhaven than bring a ship into the Clyde. The Euro West port concept might become viable only were congestion in the Channel to intensify.

Just how much of the freight traffic now thundering down roads such as the A74 can be expected to transfer to rail come the Channel Tunnel is currently being debated. British Rail has had working groups in Scotland considering how the country could best benefit from the opportunities opened up by the Channel Tunnel. Some organisations involved in the discussions are pushing for a marshalling yard somewhere in Central Scotland, dedicated to European bound freight and providing single customs clearance.

"British Rail is saying it is not sure whether a direct freight service from France to Scotland, bypassing Willesden, would be justified. We say that the delay that would result from remarshalling at Willesden (London) will deter freight

"Remarshalling at Willesden (London) will deter freight traffic from using rail"

traffic from using rail," says Mr Davidson.

According to British Rail, anticipated growth in the levels of Railfreight traffic offer good prospects of direct freight services from Central Scotland to the Continent. It has been a good year for Railfreight in Scotland generally. It recently signed a 10-year contract with British Alcan, for example, to move 100,000 tonnes of alumina from Northumberland to its smelters in the West Highlands, keeping some 30 lorry movements a day off the roads. Other developments include the re-opening of a mothballed seven mile freight line in Ayrshire, at a cost of £200,000, for the movement of 1,400 gross tonnes coal trains bound for Ayr Harbour and shipment to Northern Ireland.

The £200m electrification of the east coast main line will see new electric locomotives handling the latest build of passenger coaches between Edinburgh and London in four hours by May 1991. BR decided against electrification north of Edinburgh. It would have cost £100m, and not provided a sufficient return on investment.

Alastair Guild

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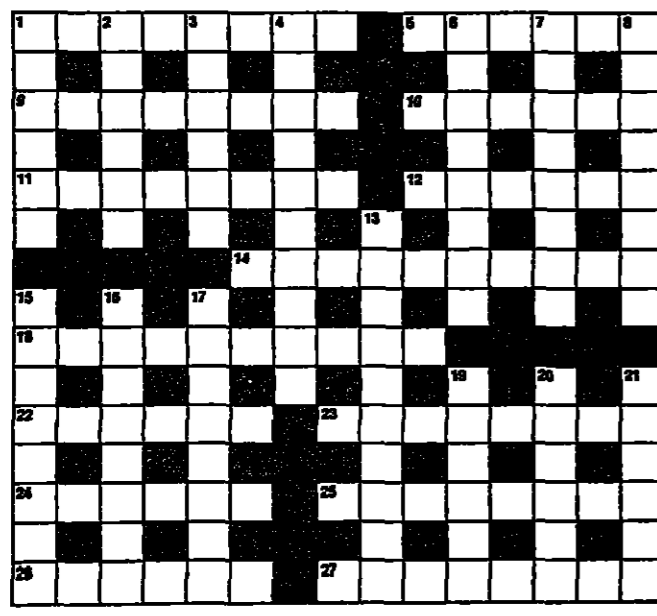
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18 Tories rule badly, lacking resolve (10)
22 Shm note about cold she wrote initially (5)
23 Entertainer has house in the middle (8)
24 On fish, not duck, boy gets plump (6)
25 "Potter's art class first" I scream rudely (5)
26 Considered getting something done about me (6)
27 Gas made chicken dressing go dry initially (8)
DOWN
1 Tempt naughty niece to go without shirt (5)
2 Widely-lipped but non-U timber supplier (6)
3 A noise which amuses baby (6)
4 Disagreeable idler funny when drunk (10)
6 Artist raised gun to a tax-bily heroic savior (5)
7 Forecasts credit turnover in postscript (8)
8 She needs a pink army form (6)
13 Travelling in state Roy needed writing materials (10)
15 Is raising loan; engineer admitted being gagged (8)
16 Cherub recollected accepting yellow-backed pamphlet (6)
17 Collect a dress? Bless me! (8)
19 Go through uplifting tune (6)
20 Ascending in gear is an offence (6)
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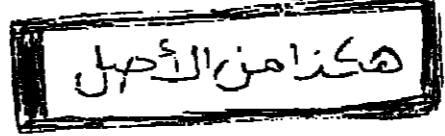
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Textual information and lists under the Offshore and Overseas, Management Services, UK Listed, and IOI Authorized sections, providing details on specific services and authorized entities.

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Vertical text on the left margin containing various news snippets and advertisements.



Main table for FT Unit Trust Information Service, listing various fund names, their performance metrics, and other details.

Main table for London Share Service, listing various share prices and market data.

Money Market Trust Funds and Money Market Bank Accounts sections at the bottom right.

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AMERICANS - Contd

Table listing American companies with columns for Stock, Price, High, Low, and P/E ratio.

CANADIANS

Table listing Canadian companies with columns for Stock, Price, High, Low, and P/E ratio.

BANKS, HP & LEASING

Table listing banks, hire purchase, and leasing companies with columns for Stock, Price, High, Low, and P/E ratio.

Hire Purchase, Leasing, etc.

Table listing hire purchase and leasing companies with columns for Stock, Price, High, Low, and P/E ratio.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit companies with columns for Stock, Price, High, Low, and P/E ratio.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road companies with columns for Stock, Price, High, Low, and P/E ratio.

BUILDING, TIMBER, ROADS - Contd

Table listing building, timber, and road companies (continued) with columns for Stock, Price, High, Low, and P/E ratio.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies with columns for Stock, Price, High, Low, and P/E ratio.

DRAPERY AND STORES

Table listing drapery and store companies with columns for Stock, Price, High, Low, and P/E ratio.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road companies (continued) with columns for Stock, Price, High, Low, and P/E ratio.

ELECTRICALS

Table listing electrical companies with columns for Stock, Price, High, Low, and P/E ratio.

ENGINEERING - Contd

Table listing engineering companies (continued) with columns for Stock, Price, High, Low, and P/E ratio.

ENGINEERING

Table listing engineering companies with columns for Stock, Price, High, Low, and P/E ratio.

ENGINEERING

Table listing engineering companies (continued) with columns for Stock, Price, High, Low, and P/E ratio.

ENGINEERING - Contd

Table listing engineering companies (continued) with columns for Stock, Price, High, Low, and P/E ratio.

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Table listing food, grocery, and other companies with columns for Stock, Price, High, Low, and P/E ratio.

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Table listing hotel and catering companies with columns for Stock, Price, High, Low, and P/E ratio.

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Table listing miscellaneous industrial companies with columns for Stock, Price, High, Low, and P/E ratio.

INDUSTRIALS (Miscel.) - Contd

Table listing miscellaneous industrial companies (continued) with columns for Stock, Price, High, Low, and P/E ratio.

INDUSTRIALS (Miscel.) - Contd

Table listing miscellaneous industrial companies (continued) with columns for Stock, Price, High, Low, and P/E ratio.

INDUSTRIALS (Miscel.)

Table listing miscellaneous industrial companies with columns for Stock, Price, High, Low, and P/E ratio.

INDUSTRIALS (Miscel.)

Table listing miscellaneous industrial companies (continued) with columns for Stock, Price, High, Low, and P/E ratio.

INDUSTRIALS (Miscel.) - Contd

Table listing miscellaneous industrial companies (continued) with columns for Stock, Price, High, Low, and P/E ratio.

INDUSTRIALS (Miscel.) - Contd

Table listing miscellaneous industrial companies (continued) with columns for Stock, Price, High, Low, and P/E ratio.

INSURANCES

Table listing insurance companies with columns for Stock, Price, High, Low, and P/E ratio.

INDUSTRIALS (Miscel.)

Table listing miscellaneous industrial companies with columns for Stock, Price, High, Low, and P/E ratio.

LEISURE

Table listing leisure companies with columns for Stock, Price, High, Low, and P/E ratio.



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LEISURE - Contd

Table listing leisure companies such as British Skyways, British Airways, and others with their share prices and financial data.

PROPERTY

Table listing property-related companies like British Land, Granada, and others.

TEXTILES - Contd

Table listing textile companies such as Burberry, J. & F. Baker, and others.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land companies like British Trustee, and others.

OIL AND GAS - Contd

Table listing oil and gas companies such as British Petroleum, Shell, and others.

MINES - Contd

Table listing mining companies like Anglo American, De Beers, and others.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies like British Leyland, and others.

TOBACCO

Table listing tobacco companies like British American Tobacco, and others.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies like British Trustee, and others.

OVERSEAS TRADERS

Table listing overseas trading companies like British Overseas Airways, and others.

PLANTATIONS

Table listing plantation companies like British Plantations, and others.

THIRD MARKET

Table listing third market trading data for various companies.

COMMERCIAL VEHICLES

Table listing commercial vehicle companies like British Leyland, and others.

COMPONENTS

Table listing component companies like British Leyland, and others.

FINANCE, LAND, ETC

Table listing finance, land, and other companies like British Trustee, and others.

MINES

Table listing mining companies like Anglo American, De Beers, and others.

CONTRAST RATES

Table listing contrast rates for various companies.

EASTERN RATES

Table listing eastern rates for various companies.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies like British Newspapers, and others.

SHIPPING

Table listing shipping companies like British Skyways, and others.

SHOES AND LEATHER

Table listing shoes and leather companies like British Shoes, and others.

SOUTH AFRICANS

Table listing South African companies like Anglo American, De Beers, and others.

TEXTILES

Table listing textile companies like Burberry, J. & F. Baker, and others.

OIL AND GAS

Table listing oil and gas companies like British Petroleum, Shell, and others.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies like British Paper, and others.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks like Anglo Irish, and others.

TRADITIONAL OPTIONS

Table listing traditional options for various companies.

INDUSTRIALS

Table listing industrial companies like British Leyland, and others.

PROPERTY

Table listing property-related companies like British Land, and others.

MINES

Table listing mining companies like Anglo American, De Beers, and others.

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar runs out of steam

THE DOLLAR fell back in currency markets yesterday, as the firmer tone generated on Wednesday faded away. Dealers were quick to point out that many investors had overreacted to comments by Mr Mikhail Gorbachev, the Soviet leader, about troop reductions.

A possible cut in US defence spending is regarded as a medium to long term influence, and although Wednesday's firmer tone exerted a squeeze on dollar short positions, there was no follow through in yesterday's markets. Consequently, a modest round of dollar sales by the Bundesbank at the Frankfurt fixing, managed to convince most investors that the dollar's underlying bearish tone remains intact.

Attention is now likely to focus on the release of US trade figures for October, due next Wednesday. The dollar was trading just above DM1.7500 before the Bundesbank's decision to sell \$31.6m at the fixing caught many investors off balance, and the US unit fell below DM1.7500. The softer tone continued, and the dollar broke through a key support level at DM1.7450, to finish at DM1.7415, down from DM1.7460. It was also weaker against the yen at Y122.50 from

Y123.35. Elsewhere, it finished at SF1.4655 from SF1.4600 and FF9.9475 against FF9.0100. On Bank of England figures, the dollar's exchange rate index fell from 83.4 to 82.9.

Sterling finished unchanged on the day, its exchange rate index closed at 78.7, compared with 78.6 at the opening and 78.7 on Wednesday. It was firmer against a weaker dollar but failed to make any progress against the D-Mark. Investors were cautious at the start of trading, as the pound edged further towards the DM3.24 level, at which point many expect the Bank of England to intervene. Consequently, many investors took the opportunity to take profits, and sterling closed at DM3.2225, down from DM3.2375 and Y226.75 compared with Y227.00. It was also lower against the French franc at FF11.0075 from FF11.0575 and SF2.7125 from SF2.7225. However, it rose against the dollar to finish at \$1.8510 from

\$1.8400. Part of the downward trend was sparked off by rumours, later officially denied, that Mr Nigel Lawson, the Chancellor had resigned.

The yen was confined to a narrow range against the D-Mark, but many traders expect the West German unit to fall below Y70.00 before too long. The yen has been depressed just recently by dollar support given by the Bank of Japan, and the falling health of Emperor Hirohito. However, continued strong economic growth in Japan provides some support for the yen and should enable it to improve against the D-Mark. The D-Mark closed at Y70.34 compared with Y70.11 on Wednesday. The French franc showed little change against its EMS trading partners, with the D-Mark closing at FF9.4150, the same as the close on Wednesday.

EMS EUROPEAN CURRENCY UNIT RATES table with columns for currency, unit, and rate.

£ IN NEW YORK

Table showing £ in New York rates for Dec 8, Dec 7, and Dec 6.

STERLING INDEX

Table showing Sterling Index values for Dec 8, Dec 7, and Dec 6.

CURRENCY RATES

Table showing various currency rates including Sterling, US Dollar, Canadian Dollar, etc.

CURRENCY MOVEMENTS

Table showing currency movements and percentage changes for various currencies.

OTHER CURRENCIES

Table showing rates for other currencies like Argentine, Australian, Brazilian, etc.

MONEY MARKETS

Little change

INTEREST RATES showed little change on the London money market yesterday. There were no new factors and three-month interbank held steady at 13 1/4-13 1/2 p.c., and one-year money rose to 13 1/4-13 1/2 p.c. as dealers remained nervous about the outlook for UK bank base rates.

The Bank of England initially forecast a money market shortage of around £500m, but

revised this to £750m at noon. Total help of £801m was provided.

Before lunch the authorities bought £348m bills outright, by way of £3m bank bills in band 2 at 12 1/2 p.c., £56m bank bills in band 3 at 12 1/2 p.c., £49m local authority bills in band 4 at 12 p.c., and £241m bank bills in band 4 at 12 1/2 p.c.

In the afternoon the Bank of England bought another £213m bills outright, via £103m bank bills in band 1 at 12 1/2 p.c., £47m Treasury bills in band 3 at 12 1/2 p.c., £30m bank bills in band 3 at 12 1/2 p.c., and £24m bank bills in band 4 at 12 1/2 p.c. Late assistance of around £400m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £211m, with

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates for 3 and 6 months US Dollars.

MONEY RATES

Table showing money rates for New York, London, and other locations.

LONDON MONEY RATES

Table showing London money rates for various currencies and terms.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates for 3 and 6 months US Dollars.

MONEY RATES

Table showing money rates for New York, London, and other locations.

revised this to £750m at noon. Total help of £801m was provided.

FINANCIAL FUTURES

A weaker trend on Liffe

PRICES OF dollar and sterling interest rate contracts weakened on Liffe yesterday, as traders continued to digest the Soviet decision to make unilateral cuts in its armed forces.

The initial mood of euphoria created by Wednesday's speech of Mr Gorbachev, the Soviet leader, at the United Nations faded, and the market took profits.

Trading was subdued, lack-

ing fresh factors, and taking the view that Wednesday's reaction to promised arms cuts was probably overdone.

March US Treasury bonds opened weaker at 88-31, and closed at the day's high of 89-07, but still below Wednesday's finish of 89-23. Trading in Chicago was equally quiet, with the market described as listless.

Short sterling futures for

March delivery closed at the day's low of 86.92 on Liffe, compared with 87.06 previously. A denial by the UK Treasury that Mr Nigel Lawson, Chancellor of the Exchequer, had resigned came too late to lift the contract off its low.

Long gilt futures opened and closed at 95-12 for March delivery on Liffe, against 95-23 on Wednesday.

Table showing Liffe US Treasury Bond Futures Options.

Table showing Liffe US Treasury Bond Futures Options.

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Table showing Liffe US Treasury Bond Futures Options.

Table showing Liffe FT-SE Index Futures Options.

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Table showing Liffe FT-SE Index Futures Options.

Table showing Liffe Eurodollar Options.

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Table showing Liffe Eurodollar Options.

EUROPEAN OPTIONS EXCHANGE

Large table showing European Options Exchange data for various currencies and contracts.

BASE LENDING RATES

Table showing base lending rates for various banks and currencies.

Advertisement for Forward Trust Treasury Services, featuring 'THE CORPORATE INVESTOR'S PHONE CHECK LIST' and 'FORWARD TRUST TREASURY SERVICES - MAKING MONEY MAKE MONEY'.

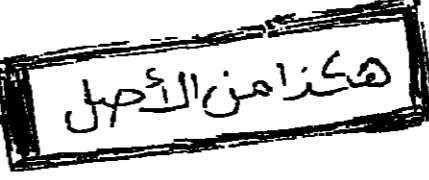


Table with columns for country (Austria, Germany, France, Italy, Sweden, Japan), date (December 7), and stock prices for various companies.

Table with columns for country (Austria, Germany, France, Italy, Sweden, Japan), date (December 8), and stock prices for various companies.

Table with columns for country (Austria, Germany, France, Italy, Sweden, Japan), date (December 9), and stock prices for various companies.

Table with columns for country (Austria, Germany, France, Italy, Sweden, Japan), date (December 7), and stock prices for various companies.

Table with columns for country (Austria, Germany, France, Italy, Sweden, Japan), date (December 8), and stock prices for various companies.

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Table with columns for country (Austria, Germany, France, Italy, Sweden, Japan), date (December 8), and stock prices for various companies.

Table titled 'CANADA' showing stock prices for various Canadian companies, including sections for Toronto and Ottawa.

Table titled 'INDICES' showing various market indices such as Dow Jones, Nikkei, and others, along with their values and changes.

Table titled 'NEW YORK ACTIVE STOCKS' listing active stocks in New York with columns for stock name, price, and change.

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3pm prices December 8

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

FINANCIAL TIMES FRIDAY DECEMBER

31 Month	High	Low	Stock	Chg.	31 Month	High	Low	Stock	Chg.	31 Month	High	Low	Stock	Chg.	31 Month	High	Low	Stock	Chg.
27 1/2	114 1/2	114	AAR	1/2	27 1/2	114 1/2	114	AAR	1/2	27 1/2	114 1/2	114	AAR	1/2	27 1/2	114 1/2	114	AAR	1/2
27 3/4	115 3/4	115	ACM	1/4	27 3/4	115 3/4	115	ACM	1/4	27 3/4	115 3/4	115	ACM	1/4	27 3/4	115 3/4	115	ACM	1/4
28 1/2	116 1/2	116	ADG	1/2	28 1/2	116 1/2	116	ADG	1/2	28 1/2	116 1/2	116	ADG	1/2	28 1/2	116 1/2	116	ADG	1/2
29 1/4	117 1/4	117	ALB	1/4	29 1/4	117 1/4	117	ALB	1/4	29 1/4	117 1/4	117	ALB	1/4	29 1/4	117 1/4	117	ALB	1/4
29 3/4	118 3/4	118	AME	1/4	29 3/4	118 3/4	118	AME	1/4	29 3/4	118 3/4	118	AME	1/4	29 3/4	118 3/4	118	AME	1/4
30 1/4	119 1/4	119	AMT	1/4	30 1/4	119 1/4	119	AMT	1/4	30 1/4	119 1/4	119	AMT	1/4	30 1/4	119 1/4	119	AMT	1/4
30 3/4	120 3/4	120	AMX	1/4	30 3/4	120 3/4	120	AMX	1/4	30 3/4	120 3/4	120	AMX	1/4	30 3/4	120 3/4	120	AMX	1/4
31 1/4	121 1/4	121	AND	1/4	31 1/4	121 1/4	121	AND	1/4	31 1/4	121 1/4	121	AND	1/4	31 1/4	121 1/4	121	AND	1/4
31 3/4	122 3/4	122	AMR	1/4	31 3/4	122 3/4	122	AMR	1/4	31 3/4	122 3/4	122	AMR	1/4	31 3/4	122 3/4	122	AMR	1/4
32 1/4	123 1/4	123	AMT	1/4	32 1/4	123 1/4	123	AMT	1/4	32 1/4	123 1/4	123	AMT	1/4	32 1/4	123 1/4	123	AMT	1/4
32 3/4	124 3/4	124	AMX	1/4	32 3/4	124 3/4	124	AMX	1/4	32 3/4	124 3/4	124	AMX	1/4	32 3/4	124 3/4	124	AMX	1/4
33 1/4	125 1/4	125	AMT	1/4	33 1/4	125 1/4	125	AMT	1/4	33 1/4	125 1/4	125	AMT	1/4	33 1/4	125 1/4	125	AMT	1/4
33 3/4	126 3/4	126	AMX	1/4	33 3/4	126 3/4	126	AMX	1/4	33 3/4	126 3/4	126	AMX	1/4	33 3/4	126 3/4	126	AMX	1/4
34 1/4	127 1/4	127	AMT	1/4	34 1/4	127 1/4	127	AMT	1/4	34 1/4	127 1/4	127	AMT	1/4	34 1/4	127 1/4	127	AMT	1/4
34 3/4	128 3/4	128	AMX	1/4	34 3/4	128 3/4	128	AMX	1/4	34 3/4	128 3/4	128	AMX	1/4	34 3/4	128 3/4	128	AMX	1/4



NYSE COMPOSITE PRICES

Main table of NYSE Composite Prices listing various stocks with columns for High, Low, Last, and Change.

Column Headers and Dividend Information: Column Headers: High, Low, Last, Change. Dividend Information: Dividend dates and amounts for various stocks.

OVER-THE-COUNTER

Nasdaq national market, 3pm prices December 8

Table of Over-the-Counter prices listing various stocks with columns for High, Low, Last, and Change.

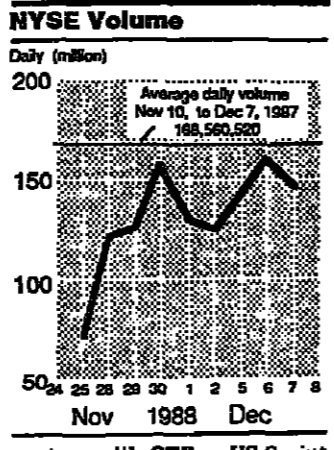
AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for High, Low, Last, and Change.

Advertisement for Financial Times featuring the headline 'Travelling by air on business?' and listing airlines such as Air Canada, British Airways, and others.

AMERICA Dow declines as attention returns to fundamentals

A DULL trading session yesterday saw prices drift slightly lower as Treasury bonds and the dollar came in for some early profit-taking...



more than 57 points. The markets will now focus once again on prospects for the dollar, inflation and interest rates.

Switzerland heats up as winter closes in

SWITZERLAND did its best to raise the temperature as winter drew nearer last month, but November proved a numbing time for most European bourses in turnover terms.

Table: EUROPEAN EQUITIES TURNOVER Monthly total in local currencies (bn)

against the guildler. But there was plenty of corporate news to keep individual sectors alive.

Wall Street A DULL trading session yesterday saw prices drift slightly lower as Treasury bonds and the dollar came in for some early profit-taking...

venture with GTE - US Sprint Communications was awarded 40 per cent of the federal government's FTS-5000 telecommunications contract...

SOUTH AFRICA

PRE-CHRISTMAS trading took hold in Johannesburg yesterday and gold shares ended little changed, with no fresh news to act on.

EUROPE Corporate news enlivens dull day

ECONOMIC and corporate news produced bursts of activity in a generally quiet Europe. Spain and Italy were closed.

ASIA PACIFIC Profit-taking drives Nikkei lower

Tokyo PRECARIOUSLY high prices triggered a round of profit-taking that saw share prices shed much of their gains of the previous day...

FEARS of higher interest rates returned in Toronto, as excitement over the proposed Soviet troop cuts waned off.

Roundup IT WAS a mixed day in Asia Pacific markets, with little overt reaction either to the gains on Wall Street on Wednesday or to Tokyo's steep fall yesterday.

Contract catering advertisement for Gardner Merchant, featuring a large logo and text describing their services and contact information.

Table: FT-ACTUARIES WORLD INDICES. Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries.